

EUROPEAN NEWS

Question of arms points up Czechoslovak divisions

Slovak MPs fight to keep the weapons industry in the face of federal attempts to curb output. Ariane Genillard reports

AN ARMoured carrier can be had in Prague these days for about \$1,600 (500). Federal deputies put one on show in front of the parliament building last Friday. They said they had found it on sale in a used car shop.

Czechoslovakia, once the largest producer of conventional weaponry in the former communist bloc after the Soviet Union, is finding it hard to control a flourishing arms market.

Since the end of communist rule, the authorities have sought to curb production, halt exports and convert weapons factories to peaceful production. But many producers, and trade officials, have been determined to carry on selling, in part because of the lack of alternative work in the post-communist era.

Attempts to restrict the market were blocked in parliament yesterday by Slovak MPs worried about the impact on one of their region's most important industries. Most of the country's factories are in Slo-

vakia, where unemployment is about 12 per cent.

The Slovak deputies refused to adopt a constitutional amendment laying down strict conditions for the import and export of arms and drugs. Parliament's failure to adopt the legislation leaves the way clear for arms merchants operating in a virtually unfettered market.

In a small grocery store in Holešovice, a Prague suburb, the sales assistant denies vigorously that he intends to sell weapons. Yet officials at the federal ministry of economics say the shop's address appears alongside an offer for arms sales made by an unregistered Czech company in a Brazilian newspaper.

At the Federal Ministry of Foreign Trade, officials from the embattled republic of Georgia come out of the arms trade department and walk away furtively.

A legislative loophole means that while licences to export products must be granted by the federal ministry of foreign trade, deal-making is

unregulated and a spate of private companies have set up shop to try to sell a range of military products.

"Nowadays, officially, anyone can go into the arms business if he gets a licence. As a result, everybody is trying to go into the business. At the same time, producers are lowering the prices because they are eager to sell. So one ends up with dumping prices often 30 to 40 per cent below the original prices," explains Mr Stanislav Kozeny, chairman of Omnipol, the once all-powerful company which held a monopoly on arms trade under the former regime.

Mr Stefan Glezgo, head of the arms trade department in the Foreign Trade Ministry, who put forward the bill rejected yesterday, wants to restrict the sales of weapons and the granting of export licences to a few selected companies.

"We are not afraid of companies choosing arms trade as business. But we want them to let us know about what they are doing and what information," says Mr Glezgo.

He adds that licences are not granted easily. Last year, only 28 companies were granted licences to export military products and these included many manufacturers. Furthermore, he says, all controversial cases are referred to an inter-ministerial commission which must approve the deals.

Efforts by federal authorities in Prague to control the arms market have repeatedly run into the opposition of Slovak politicians. Nationalism plays a crucial role in Czechoslovakia's ability to control both its arms production and trade.

Eighty per cent of the defence industry lies in Slovakia, the smaller and poorer of the country's two - Czech and Slovak - republics. In 1991, arms production in the whole country, amounting to Kcs7.6bn (£150m) reached barely 50 per cent of the previous year's level. Most arms factories, which employ some 80,000 workers, face enormous social difficulties as they try to

restructure production towards civil output.

To ease the transition, the federal government has launched a conversion programme which last year granted Kcs1.5bn to support projects for civil production in arms factories. But the resistance of arms producers has hampered the programme. "The Slovak factories want to continue producing tanks and their managers are hiding information from us," says Mr Josef Fucik who supervises the conversion programme at the federal ministry of economics.

Arms producers have put growing pressure on the federal authorities to allow them to export weaponry in order to survive. Last year, the federal government approved the sale of 252 T-72 tanks to Syria over objections from the US and Israel.

"There are too many competing interests within the government which is trying to balance economic and political imperatives," says Mr Martin Palous, deputy foreign affairs

minister who sits on the inter-ministerial supervisory commission.

"The licence department comes to us with done deals. If we say yes, it means billions of korunas for the country. If we say no, it means we don't respect the economic interest of Czechoslovakia. It's like trying to square a circle."

Pressure from arms factories has increased alongside Slovak nationalism. The plight of the arms industry has fuelled resentment against federal policies in Slovakia. The most popular politician in the republic, Slovak nationalist leader Mr Vladimir Meciar, has promised to keep the industry afloat if, as expected, he wins next June's general elections.

"The first priority of the new Slovak prime minister will be to maintain standards of living. And in Slovakia, this is linked directly to allowing the arms factories, the republic's main hard currency earners, to sell," says Mr Kozeny, of Omnipol.

Gonzalez backs embattled bank chief

By Tom Burns in Madrid

THE Madrid government yesterday closed ranks in support of the embattled governor of the Bank of Spain, Mr Mariano Rubio, who is at the centre of a scandal over the failed Ibercorp banking group.

The government denied that Mr Rubio's departure from the bank was imminent. Mr Felipe Gonzalez, the prime minister, refused Mr Rubio's offer to resign last month and confirmed him as governor until his term expires in July.

Mr Rubio's situation remains the same, a spokeswoman said. Earlier Mr Carlos Solchaga, economy minister, denied that the cabinet was divided over maintaining the governor in his job during the next few months.

Mr Rubio had offered to resign after an investigation by the Stock Exchange commission into the broking arm of Ibercorp, a financial services group run by close friends of his and which managed his personal portfolio. The commission is investigating alleged share price manipulation, discrimination in favour of certain clients and other possible fraudulent practices.

The latest allegation is that Mr Rubio's sister, her husband and a first cousin were the administrators of a Luxembourg-based investment fund whose shares in Ibercorp were bought back by the group two years ago before the share price collapsed. The Stock Exchange commission is also investigating this investment company. But Mr Rubio's lawyer said the governor could not be held accountable for the activities of his relatives.

Banco Ibercorp, the group's merchant bank, was taken under the wing of the Bank of Spain last week when it was unable to meet outstanding loans and its broking activities were suspended pending the investigation.

Soviet atomic materials on sale

Businessmen in the former Soviet Union have offered to sell heavy water, which can be used to make atomic bombs, to a Norwegian company, Norway's foreign ministry said yesterday, Reuters reports from Oslo.

It is not illegal for a Norwegian company to purchase heavy water (deuterium oxide) but all exports and help to negotiate sales are forbidden. The ministry said Norway was probably a transit country for heavy water exports.

Meanwhile, a Russian minister promised yesterday to tighten border controls after two citizens were caught trying to sell 1.2 kg of low-grade uranium in Germany.

Court trims EC anti-cartel fines

A European court yesterday upheld the bulk of anti-cartel fines imposed on seven chemical companies by the European Commission, which has recently lost several competition cases for sloppy procedure, writes David Buchanan in Brussels.

The Court of First Instance, which is the European Court of Justice's lower tribunal, was ruling on appeals against fines which the EC executive imposed in 1986 on companies for running a market-sharing cartel in polypropylene between 1977 and 1983.

The court reduced the fines on Shell from £25.5m to £20.5m, on ICI from £25.5m to £20.5m, on BASF from £25.5m to £20.5m, on Hoechst from £25.5m to £20.5m, on Rhodia from £25.5m to £20.5m, on Elf from £25.5m to £20.5m, and on Total from £25.5m to £20.5m. The court also reduced the fine on Hoechst from £25.5m to £20.5m, on Rhodia from £25.5m to £20.5m, on Elf from £25.5m to £20.5m, and on Total from £25.5m to £20.5m.

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Treuhand finds buyers for three shipyards

By Leslie Collett in Berlin

THE TREUHAND privatisation agency has secured its last major sale, finding buyers for eastern Germany's troubled shipbuilding industry.

It said yesterday three of the five large companies belonging to the state-owned Deutsche Maschinen- und Schiffbau are to be sold to Kvaerner, a Norwegian group and to Bremer Vulkan of western Germany. The Treuhand is also talking to Danish and Norwegian buyers to sell the other two yards.

Kvaerner is to buy the Warnow and Neptun yards, east Germany's largest shipyards, based in the Rostock area. Bremer Vulkan is to take over the MTW shipyard in Wismar, and DMK, a diesel engine producer based in Rostock.

Mrs Birgit Bruehl, Treuhand president, said the decision to sell the core of the industry to the two companies had been "one of the most difficult the agency has had to make".

The European Commission will have to examine the sale because state funds are involved. The Treuhand, whose governing board is expected to approve the sales next Tuesday, said it was confident the Commission would approve the level of state aid needed.

The state government of Mecklenburg-Vorpommern, where the yards are based, said yesterday it would unveil a restructuring plan for the industry today. Sir Leon Brittan, the EC competition commissioner, said last week that any plans for the shipyards would have to include basic restructuring plan before the Commission could consider approving the level of state aid.

Brussels officials are seeking assurances that the restructuring would be sufficiently realistic to make the yards competitive by the end of 1993, when

all state aid to shipbuilding in the Community is to be abolished.

Mrs Bruehl indicated yesterday the sale represented a compromise between Chancellor Helmut Kohl's Christian Democratic party (CDU) and its junior coalition partner the liberal Free Democrats (FDP), and between the two parties in the state government of Mecklenburg-Vorpommern.

The CDU had sought a comprehensive privatisation with state aid while the FDP said there should be no subsidies and that unviable parts of the industry should be closed.

The Treuhand said the number of workers in the three shipyards would be reduced from 10,300 to 7,000. Trade union representatives at the shipyards claimed the sales violated a "package deal" for the sale of the entire industry.

Thousands of shipyard workers are to demonstrate today outside the parliament of Mecklenburg-Vorpommern, which is to debate and approve its plan for the shipbuilding industry.

Mr Hartmut Röwer, chairman of the action committee of workers at the Neptun-Warnow shipyards, called the deal a "rotten egg". The unions have also argued that the future of the industry would be more secure in the hands of a single buyer. Mr Röwer said he feared Kvaerner would close the shipyards and sell the property.

Tough negotiations with the companies are likely to take place over the amount of state subsidy. The Treuhand previously indicated it was prepared to assume more than DM1bn (£300m) in shipyard debts as well as a substantial portion of the DM900m needed in investments. The agency previously guaranteed liquidity loans of DM1.3bn to the shipbuilders.

France prepares to cast protest vote

The mainstream parties are likely to be the losers in regional elections writes Ian Davidson

WITH less than a fortnight before polling day in the French regional elections, the ruling socialists seem to be failing to reverse a tide which is running heavily against them.

Senior ministers have been conscripted to lead the socialist campaign in the 22 regions of France, but their efforts appear to be making no impact on opinion polls.

These polls point to a steep drop in the socialist vote to 30 per cent or less. This compares with nearly 30 per cent in the previous regional elections in 1986, and almost 35 per cent in the first round of the 1988 general elections.

The socialist setback does not seem to be doing the traditional conservative parties any good, however, and the main beneficiary is Mr Jean-Marie Le Pen's extreme right-wing National Front. The most detailed surveys point to a nationwide tally of 13.5 per cent for the NF, and the latest poll suggests the NF is gaining support. Neck-and-neck with the NF are the two ecological movements.

The pattern thus emerging from the polls is of a disavowal of the traditional mainstream political parties in favour of eccentric protest parties.

So far, the socialists do not appear to have a clear plan to ward off the impending popular rejection. They have been divided over whether these are genuinely regional contests to be campaigned for regionally, or whether they are really a national contest, a trial run for next year's general elections.

Their initial response to the rise of the National Front was to go on the offensive against Mr Le Pen in his home ground in the south of France. The standard-bearer chosen for this offensive was Mr Bernard Tapie, the populist businessman who established his local credentials by buying the Marseilles football team, and by winning a local parliamentary seat.

Mr Tapie has expended much of his brash energy, and attracted a lot of media attention, with a stream of insults

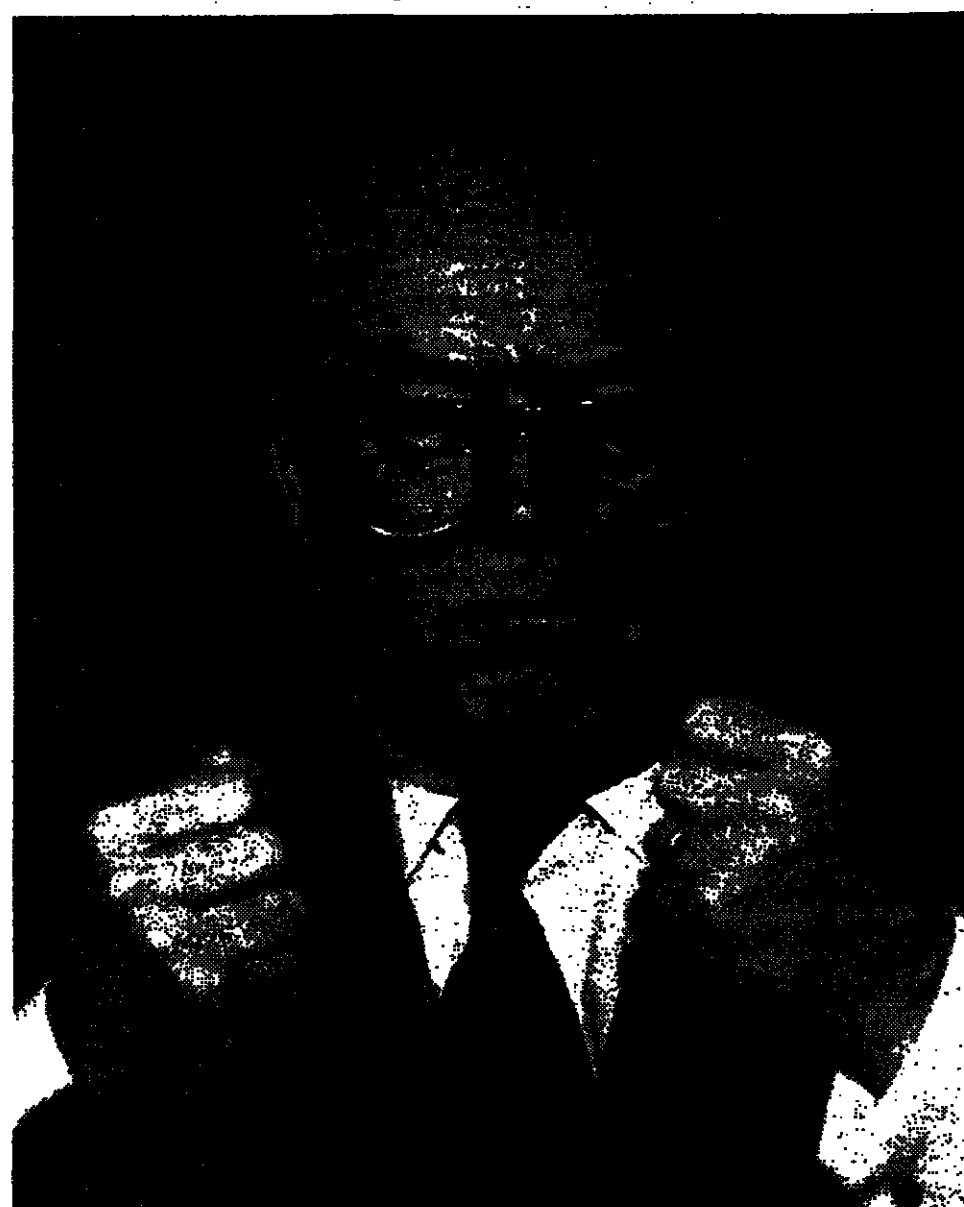
aimed at Mr Le Pen and his supporters. "If Mr Le Pen is a bastard (*salaud*)," he has said, "those who vote for him are bastards too". For good measure, Mr Tapie has been directing his street invective against Mr Jean-Claude Gaudin, the centre-right incumbent chairman of the local Provence-Alpes-Côtes d'Azur (Paca) regional council, whom he accuses of preparing an infamous pact with Mr Le Pen.

Mr Tapie's braggadocio seems to have been without effect. The polls suggest Mr Le Pen will break all records in the Paca region, with 27 per cent of the vote, whereas Mr Tapie's list is likely to trail in third with only 18 per cent. Last week he conceded ruefully: "I was mistaken in my campaign. The electorate of Le Pen is more convinced and motivated, and the others do not feel concerned."

Moreover, the socialist campaign against Mr Le Pen seems to have backfired nationally. It has precipitated demonstrations and counter-demonstrations, and led some local authorities to ban public meetings planned by Mr Le Pen. The resulting uproar has been so much free publicity for the National Front, and even though the mayor of Lyons this week refused to let Le Pen use a local hall, most of the mainstream politicians have publicly conceded that it is better to allow his meetings to take place.

One result is that Mr Laurent Fabius, leader of the Socialist Party, has tried to cool political passions by appealing for regional campaigning to take place on regional issues. Local factors, such as the presence of a large immigrant community, undoubtedly play a large part in Mr Le Pen's prospects of success in the south of France. Conversely, the socialists have strong industrial roots in Nord-Pas-de-Calais, one of only two regions which they control, though even here they are on the defensive against the challenge of the ecologists.

Yet polls show that most voters are influenced by national



Le Pen: Socialist campaign against him backfired

considerations, such as unemployment. This is not surprising, because regional decentralisation is only a decade old, and still rather tentative. The biggest share of regional budgets is secondary education and training, but regional responsibilities extend only to the buildings of the secondary schools; education proper is still decided in Paris.

As a result, most analysts are treating these elections as

if they were a national opinion survey. Mrs Edith Cresson, the prime minister, has led the national campaign with extended apologies for the socialists' eleven-year record in office, and Mr Pierre Bérégovoy, the finance minister, has rebuked the electorate for its failure to understand the strengths of the national economy and the achievements of his economic policy.

The strongest proof that this is indeed a national, not a regional election is that the party and the government have sent most of the cabinet out on the campaign trail, many of them against their will. But few expect these efforts to make a radical difference to the verdict.

Paradoxically, the rise in protest votes could produce perverse results. The mainstream conservative parties can expect to come out in front in most regions as at present. But as they are simultaneously likely to lose ground in many of these regions, they may have difficulty in putting together regional council majorities.



Bernard Tapie: mistaken invective

Since they have publicly undertaken not to deal with the National Front, the deciding vote may well lie with the ecologists. In some cases the ecologists may do a deal with the socialists so the number of regions they control, even if their national score collapses dramatically.

LE PEN MAKES A PLAY FOR CHILDREN'S VOTE

The National Front wants to let parents vote on behalf of their minor children in a move to encourage French people to have bigger families, Reuters reports from Paris.

The so-called "family vote" was one of 51 social proposals in a manifesto issued by the anti-immigrant party led by Jean-Marie Le Pen ahead of March 22 regional elections.

"The place of families in the national community must be enhanced. It is abnormal that children who ensure the future of the nation do not count in elections," it said.

"It is therefore important to establish full universal suffrage by giving the right to vote to every citizen, adult or minor. This vote will be

exercised by the parents: the father for boys and the mother for girls," the National Front said.

Bruno Mégret, the party's chief ideologist, said the idea was logical since parents were legally responsible for their children.

The manifesto said the children would have no say until they turned 18 and could vote for themselves.

The National Front's social charter also featured proposals to stop child benefit and welfare payments to immigrants, give French nationals priority in state housing and student grants, and pay mothers to stay at home and raise children.

St Petersburg sounds the alert on wages

By Leyla Boulton in Moscow

INDUSTRIAL managers in St Petersburg, Russia's second largest city, yesterday warned of an explosion of worker discontent unless the government gave them Rb52bn to pay wages for March.

The rumblings from St Petersburg, a centre of support for both Lenin in 1917 and for Mr Yeltsin during last August's coup, is the latest of a series of angry signals bombarding the Russian government as it tries to push through austerity policies.

Mr Gennady Burbulis, first deputy prime minister, said yesterday a government commission would go to the Kuzbass mining area, where bus drivers and teachers have threatened a strike unless they receive pay rises equal to the tripling of miners' pay. Meanwhile Mr Alfred Malinovsky, chairman of Russia's pilots

union, said 70 per cent of pilots were prepared to strike on March 25 unless demands for a pay rise and better working conditions were met.

Mr Viktor Kharchenko, chairman of the Union of Industrial Enterprises, which groups about 30 of St Petersburg's biggest state enterprises, said managers already owed Rb15bn to banks.

Mr Kharchenko, who also heads the Baltic Shipping Company, said defence enterprises accounting for 70 per cent of the city's heavy industry should be allowed to export arms to help them survive.

The dilemma of Mr Vyacheslav Petrov, manager of the Arsenal artillery plant, is typical of the problems facing defence plants around the country as a result of a cut in military procurement to 13 per

cent of last year's level. Mr Petrov borrowed Rb30m from the bank in February to pay wages and make up for the fact that several customers had failed to pay for deliveries.

Talks with potential foreign investors on helping him convert more of his defence output to civilian uses have produced no results.

"Time will run out before they wake up," he said. Unless

he gets funds from the state, Mr Petrov will have to sack some of his 3,500 workers involved in defence production. Another 5,000 people are already involved in the production of consumer goods at his factory thanks to partial conversion.

But even conversion is not necessarily a key to salvation. The mighty Kirov plant, which over recent years has managed to switch from tanks to tractors, is unable to sell its tractors for lack of key components. This shortfall is just one symptom of the disruptions in deliveries between factories, despite a variety of government incentives to facilitate the output of agricultural machinery. A shortfall in steel production has led to predictions of a 30 per cent fall in the output of tractors and other agricultural equipment.

Banker warns on German inflation

By Christopher Parkes in Bonn

GERMAN inflation, at 4.3 per cent, is still too high to allow the Bundesbank to cut interest rates, according to criteria laid down by a leading banker in Bonn yesterday.

Mr Friedel Neuber, chairman of the Westdeutsche Landesbank, the highest (state) bank in Germany, said the German economy would recover during the year and the Bundesbank would be able to ease interest rates a little.

However, the timing of the reduction depended mainly on developments in prices and pay. "An inflation rate of 4 per cent cannot be tolerated," he added.

His comments followed an announcement from the federal statistics office that a 0.6 per cent rise in consumer prices last month had pushed annual inflation in west Germany to 4.3 per cent, compared with 4 per cent in January.

The climate in the current pay round is also unpromising, with most unions claiming around 10 per cent.

However, banking workers, who have disrupted business for the past two weeks with scattered warning strikes in pursuit of their 10.5 per cent demand, showed signs yesterday that they would accept the employers' offer of renewed talks.

The banks needed a period of peace. Mr Gerhard Renner, chief negotiator for the DAG clerical union, said, indicating that strikers should go back to work and that he would settle for 6.5 per cent. The employers have so far refused to go beyond 5 per cent.

The union claims its demand

is justified by sound results in the sector. The upward trend of the Bundesbank's interest rates, according to criteria laid down by a leading banker in Bonn yesterday.

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Financial Times (Scandinavia) Vinogradskaya 42A, DK-1161 Copenhagen K, Denmark. Telephone: (33) 11 44 41. Fax: (33) 935335.

WORLD TRADE NEWS

US chip maker leads drive for tougher tariffs

By Louise Kehoe in San Francisco

A DRIVE for legislation to impose import tariffs on Japanese, European and Korean semiconductor chips as well as all electronics products containing such devices sold in the US is being led by Micron Technology, a US memory chip manufacturer.

The proposal comes as US chip industry executives gather in Washington to decide their next moves in the long-running US semiconductor trade row with Japan. It reflects growing frustration at lack of progress on removing trade barriers in Europe and South Korea. Long a rebel in the US semiconductor industry, Micron was the first US chipmaker, in the mid-1980s, to file a dumping suit against its Japanese competitors. That proved a catalyst for broader US industry complaints, leading to the first US-Japan semiconductor trade pact in 1986.

Last year, key elements of the first accord were renewed, promising foreign chipmakers 20 per cent of the \$20bn (\$11.8bn) Japanese semiconductor market. Now Micron, the tenth biggest US semiconductor producer with fiscal 1991 sales of \$425m, is again breaking ranks by urging punitive steps against countries that have failed fully to open their markets to US chip products.

Micron also alleges dumping by Japanese and South Korean memory chip makers. Mr Joseph Parkinson, Micron chief executive, is leading the call for tough action. In a letter circulated in the US industry, Micron asks executives to contact their congressmen "in support of a bill proposing an immediate 14 per cent countervailing tariff."

"The tariff is justified against the Japanese on the basis of their failure to comply with the 1981 semiconductor agreement by dumping products, and their failure to provide the agreed 20 per cent market-share access," Micron's letter says. Europe's enforcement of a 14 per cent tariff on chip imports, and South Korea's tariffs and lack of market access, are cited as reasons for crack-

Japan's electronics industry reacted angrily yesterday to a US semiconductor industry report saying a bilateral microchip pact was near failure and raising the prospect of sanctions if market access fails to improve. Reuter reports from Tokyo.

"We are making every possible effort," Mr Takeshi Harada, a spokesman for the Electronic Industries Association of Japan (EIAJ), said. "The outlook may be a bit grim right now, but to speak of retaliation is going too far."

"Are they saying it's all right for us to stop trying?"

ing down on products from those countries. But Mr Parkinson's proposals are embarrassing the Semiconductor Industry Association (SIA), which has led the US industry's trade battles for 10 years.

He is this year's chairman of the industry group, and as such the industry's official spokesman. Yet his proposal runs contrary to SIA opposition to import tariffs which it sees as a "protectionist trade barrier". Since import tariffs would raise chip prices in the US, Mr Parkinson's proposal threatens to undermine the SIA's tentative coalition with US computer makers who provide the US chipmakers with political firepower in Washington.

But the SIA will consider Mr Parkinson's proposal, among others, at its board meeting today, Mr Andrew Proccaccia, SIA president, said. He stressed the SIA "does not favour measures that would disadvantage its customers in world markets."

The SIA had been expected to raise the spectre of economic sanctions against Japan and issue a strong statement expressing dissatisfaction with the progress to lifting trade barriers in Europe. Faced with Micron's more radical proposal, the SIA may well move faster to seeking US government retaliation against Japan, Europe and Korea.

EC warns Japan on bilateral US deals

By David Buchanan in Brussels

BRUSSELS yesterday warned Japan not to strike bilateral trade deals with the US that might lose the EC its foothold in the Japanese market and raise its deficit with Tokyo.

In talks yesterday, Japanese officials provided the EC with details of Tokyo's recent agreement to double imports of US-made car parts over 1990-95. But the Commission said it still lacked pledges this deal would not discriminate against EC producers.

In general, the Commission conceded the cause of the EC's mounting deficit with Japan lay more with the nature of the goods traded, and the structure of the Japanese market, than with the relatively few specific tariffs and obstacles Japan still imposes on imports. The EC deficit rose from \$18bn (\$10.2bn) in 1990 to \$27bn last year, Japanese statistics show. Half this deficit stemmed from four sectors of Japanese exports to the EC: mass-market cars, telecommunications, electronic data processing and components, for which European demand is strong. By contrast, such EC exports as luxury cars, high-value textiles and alcohol are sensitive to any downturn in Japan.

Thus, the Commission has changed tactics. Instead of

mounting the kind of rhetorical assault typical from Brussels only a few years ago, it is adopting a lower-key approach. This involved sending to Tokyo last month its one member - Sir Leon Brittan, the competition commissioner - never linked with protectionism.

Sir Leon complained of structural impediments, such as difficult access for foreign lawyers who could help EC companies establish themselves. A year ago, EC investment in Japan was less than one-fifth (\$3.5bn) of Japanese investment in the EC (\$55.3bn).

Brussels plans in May to send EC governments a "communication" on links with Japan. By then, it will be clear if a Gatt deal, removing, say, public procurement barriers to Japan buying more EC satellite/telecommunications equipment, is possible this year. If not, the EC will pursue its case bilaterally with Japan, perhaps invoking last year's EC-Japanese political declaration to give it extra leverage on trade issues.

● The European Court of Justice yesterday rejected an appeal by eight Japanese companies against EC dumping duties imposed in 1987 on their photocopyers.

Gatt report welcomes Ghana trade reforms

By Frances Williams in Geneva

GHANA's trading partners in Gatt yesterday welcomed the "substantial progress" in liberalising the Ghanaian economy but urged further reforms to boost economic performance.

At the same time, they acknowledged a more open economy made Ghana more dependent on better access to foreign markets and a strengthened international trading system, and thus on a successful conclusion to the Uruguay Round trade talks.

A report on Ghana's trade policies by the Gatt secretariat, discussed yesterday by its governing council, says sweeping reforms since 1983 have made a highly protectionist economy an outward-looking one. In face of constraints posed by Ghana's dependence on primary commodities and high indebtedness, the reforms had succeeded in improving economic efficiency and reviving the traded-goods sector. Despite export diversifica-

tion, cocoa still accounts for about half Ghana's export receipts, with minerals and timber products accounting for a quarter. Half Ghana's trade is with the EC, which gives preferential access to its cocoa and other agricultural exports under the Lomé Convention.

Ghana's reforms have included several currency devaluations and introduction of a market-based exchange rate system, a near-halving of average (unweighted) tariffs to about 17 per cent, and the scrapping of comprehensive import controls. But the Gatt report notes Ghana still has relatively high tariffs on consumer and "luxury" goods, protects much of domestic industry with special import taxes, and maintains a variety of state aids, discriminatory tax policies and export incentives and curbs. Mr Kojo Amoo-Gottfried, Ghana's ambassador to Gatt, said yesterday Ghana was committed to more reform.

Kuwait aims to open up free trade zone

KUWAIT has begun a feasibility study into opening up a free trade zone. Mr Abdul Rahman Nibari, head of the emirate's Port Authority, said yesterday. Our Middle East Staff reports. Mr Nibari said Kuwait had chosen one out of 10 consultancy groups from the US, Britain, France and the Netherlands which had offered to carry out the project, though he would not name the company.

Kuwait hopes to develop entrepot trade with Iran to compensate for loss of transshipment trade it enjoyed with Iraq before the Gulf war. "The free zone will help activate the national economy and commercial business, and bring the latest technology," Mr Nibari told the Kuwait News Agency KUNA.

The study on a free zone, to compete with Dubai's Jebel Ali port, which already carries a large amount of entrepot trade with Iran, will take eight months to complete. Shuwaikh Port, Kuwait's biggest sea inlet, would have to be expanded before the zone was set up. Kuwait had been toying with the idea of a free zone before Iraq's 1990 invasion, to revive its role as a major re-export centre in the Gulf.

Canada acts in lumber row today

By Bernard Simon in Toronto

THE Canadian cabinet will today consider retaliatory action against the US for a 14.5 per cent duty imposed by the Commerce Department last week on softwood lumber exports from Canada.

The lumber ruling, coming on top of several other trade rows between Ottawa and Washington, has increased political pressure on Mr Brian Mulroney, Canada's prime minister, to hit back at the Americans. Both opposition parties have called for retaliatory measures. Mr Bob Rae, Ontario's premier, urged Mr Mulroney to work more closely with other countries hurt by US protectionism.

Although Canada is the US's biggest market, with imports totalling C\$33bn (\$45bn) last year, Ottawa is hesitant to take any measures which could widen trade frictions. In an interview with the Financial Times last week, Mr Mulroney said: "I'm not big on gutshot diplomacy, but we are not without our own resources."

The Canadians want to avoid any action which would jeopardise the 1989 free trade agreement with the US, or the present round of trilateral talks including Mexico to create a North American free trade area (Nafta). Mr Mulroney, President George Bush and President Salinas de Gortari of Mexico are due to discuss progress in the Nafta talks by



Mulroney (left) and Salinas de Gortari: due to consult on progress in Nafta talks next week

phone next Monday.

Canada has already lodged a complaint with Gatt over the softwood lumber duty, imposed to compensate for the alleged subsidy to Canadian sawmills

of low tree-cutting fees in provincial forests and curbs on log exports. Ottawa also plans to refer the lumber issue to a binational dispute settlement panel under the 1989 US-Canada free trade pact. It is expected to call for a panel to consider the recent US Customs

Service decision that Honda cars assembled in Ontario do not have enough North American content to qualify for duty-free access under the FTA.

The extra duty on Canadian lumber has halted export orders from the US for the time being. Mr Roy Carroll, president of Angus Forest Products, a Toronto-based wholesaler, said sawmills in British Columbia, Ontario and Quebec have raised prices 15 per cent since last Friday.

US buyers bought heavily ahead of the ruling, and are thought to have substantial inventories. Many US home-builders have rallied to the Canadians' side, noting the extra duty imposed at a time of strong demand could raise the price of an average home by about \$1,000 (\$568). Canadian sawmills export more than C\$3bn of lumber a year south of the border and have a roughly 25 per cent share of the US market.

Bulgaria in push to attract US investment

BULGARIA'S prime minister, Mr Philip Dimitrov, today ends a 10-day campaign across the US to win American investment, Barbara Durr reports from Chicago.

Bulgaria offers the advantage of an export platform to the republics of the former Soviet Union, he told business leaders at a meeting organised by the Chicago Council on Foreign Relations. "Nowhere is there better knowledge and experience of their markets."

A liberal foreign investment law had been passed allowing repatriation of profits, and a privatisation law was being considered by the parliament.

Telecommunications heads Mr Dimitrov's list of investment priorities. Bulgaria offered a special advantage for this industry, he added. Under the now-defunct Comecon, Bulgaria had been designated by Moscow as the country specialising in computer production and it has many electronics experts and computer programmers. Tourism and agribusiness investments are next on Bulgaria's list. The Bulgarian-American Enterprise Fund, based in Chicago, has been authorised to make available \$55m (\$31.2m) over three years.

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INTERNATIONAL NEWS

De Klerk threatened with more attacks

By Patil Waldmeir in Johannesburg

WHITE extremists in South Africa have threatened more attacks on President F.W. de Klerk during the campaign for next week's referendum, after a teargas bomb forced him to flee a campaign meeting on Monday night.

The threats, issued by the neo-Nazi Afrikaner Resistance Movement (AWB), highlight the security risk involved in the style of campaigning chosen by Mr de Klerk: informal walkabouts in shopping centres and university campuses, and impromptu meetings with the public. A presidential spokesman said yesterday there would be no change in his programme despite the attack.

Mr de Klerk is always flanked by several National Party officials during his campaign strolls, but normally by only one or two security officers. (Others accompany his motorcade.) Whites and blacks alike crowd close to the president in cramped quarters, in an attempt to see him and shake his hand. Those accompanying his tour have expressed concern that such events provide ample opportunity for an assassin.

Monday's attack, in which Mr Kobie Coetsee, justice minister, was temporarily blinded, was carried out during a meeting with students at the University of the Orange Free State in ultra-conservative Bloemfontein, where Mr de Klerk was campaigning for a "yes" vote in next Tuesday's poll on political reform.

A local National Party official said he recognised the attackers as members of the AWB. They yelled "Baboon, go back to the mountains" and "Traitor go home" before lobbing the tear gas bomb. Mr de Klerk and his wife Marike were hustled out of the hall by security men without injury.

Yesterday Mr Piet Rudolf, AWB spokesman, said Mr de Klerk could expect more such attacks, though he denied AWB involvement in the Bloemfontein incident. "He cannot refer to the AWB as Nazis and fascists without expecting some revenge," he said.

Mr de Klerk had earlier used those terms in condemning the right wing, which is campaigning for a "no" vote in the referendum. It was the first big disruption of his campaign since



De Klerk and his wife Marike leave the meeting after the teargas attack

it began eight days ago.

The attack highlights the degree to which reform depends on the security of two individuals, Mr de Klerk and Mr Nelson Mandela, president of the African National Congress. Yesterday Mr Mandela was at pains to reassure

whites, ahead of the referendum, that civil servants and security force members would not lose their jobs under an ANC government, though some might be retired on "favourable and secure terms."

He said the ANC would not be influenced by Zimbabwean

President Robert Mugabe's plans to nationalise white farmland. "We will be influenced by our own conditions, not those of Zimbabwe," he told local newspapers. "Zimbabwe believes in a one-party state. We believe in a multi-party state."

Burmese atrocities alarm neighbours

By Alexander Nicoll, Asia Editor

MALAYSIA'S foreign minister, Mr Abdullah Ahmad Badawi, yesterday summoned the Burmese ambassador in Kuala Lumpur to express concern over Bangkok's treatment of its Muslim minority.

Its action was a sign of increasing international concern about events on Burma's western border with Bangladesh. Up to 170,000 Burmese Muslims, known as Rohingyas, have crossed into Bangladesh since last December, telling of widespread atrocities by Burmese troops.

Burma's south-east Asian neighbours have been reluctant to exert pressure on the military government in Bangkok to curtail human rights abuses, adopting a policy which they describe as "constructive engagement".

The regime, which is also engaged in a battle with insurgents near its eastern border with Thailand, ignored a 1990 election victory by an opposition party and is detaining its leader, Ms Aung San San Kyi, who was awarded the 1991 Nobel Peace Prize.

According to the British Red Cross, 5,000 or more refugees, mainly the elderly and women and children, are crossing into Bangladesh each day. Oxford says that a new camp should be built each day to accommodate the inflow, and that the situation could worsen with the rainy season two months away. The UN High Commissioner for Refugees has drawn up a \$20m (£11.8m) aid programme.

In Bangladesh yesterday, refugees said that Burmese soldiers had killed hundreds of Muslims and detained thousands in western Arakan state in the past two weeks. Rohingyas, who have lived in that western Arakan province for generations, are not Burmese nationals and will not be allowed to return.

Thai election raises the price of corruption

Victor Mallet takes a look at some unusual alliances

THE PRICE of a Thai citizen's vote has risen sharply in brisk trading ahead of the country's general election on March 22.

Record offers of between 800 baht and 1,000 baht (US \$23) for a single vote have been reported from the hotly contested northern region of Chiang Mai, reflecting four years of spectacular economic growth in Thailand since the last election in 1988. Many politicians, according to the Thai press, are also once again hiring professional liars at 200 baht a day to sit in coffee shops and spread malicious rumours about their opponents.

The more sophisticated and powerful politicians - notorious for sudden switches of allegiance from one ideologically empty party to another in exchange for multi-million-baht transfer fees - can choose the more efficient method of vote-buying by purchasing officials at polling stations.

This practice, known as "booth-buying", has prompted the electoral authorities to threaten last-minute staff swaps between constituencies. More ominously, at least five people have been killed in violence related to the election campaign, some of them local party canvassers shot dead on the orders of their rivals.

In short, the election promises to be typically Thai. It is being held on the instructions of the National Peacekeeping Council (NPKC), the military junta which, citing excessive corruption, overthrew a year ago last month the elected government of General Chatichai Choonhavan in Thailand's 18th coup or coup attempt.

As canvassers from the 15 competing parties tour the countryside in vans mounted with loudspeakers and life-size posters of the candidates - many of them sporting military uniforms dripping medals and gold braid - Thais are debating some of the ironies of their topsy-turvy world.

When the military took over they were so anxious to show their good intentions that they installed an eminently respectable interim government led by Cambridge-educated Anand Panyarachun as prime minister. He and his cabinet colleagues promptly pursued their own agenda of economic reform and declined to authorise the purchase of all the new aircraft demanded by the air force. Yet they could hardly be removed without acute embarrassment for the junta.

Air Chief Marshal Kasat Rajanani, air force head and deputy chairman of the NPKC, announced last month that the NPKC was dissatisfied, complaining that "when the government refused to obey, we did not know what to do".

The junta then added to the confusion by making electoral alliances with the very politicians that it accused of corruption and overthrow last year. Senakul Thiam, or Justice Unity, a new party formed after the coup by the military to promote the military, has joined forces with Chat Thai - Gen Chatichai's old fiefdom and the Social Action Party.

The Assets Examination Committee, established after the coup, with the professed aim of tracking down the corrupt earnings of members of the Chatichai government, investigated 25 people, declared 10 of them to be "unusually wealthy" and ordered the confiscation of 1.5bn baht in assets.

However, the junta let them

appeal in the courts and continue in politics, with the result that eight of the ten are standing in the election and may have the chance to grant themselves a pardon in a new government. "Unusually wealthy" politicians are prominent in the alliance of pro-military parties.

The moral high ground has proved equally elusive for the loose group of parties which are openly critical of military intervention in politics (and which are themselves dominated by retired generals). This is largely because the unelected Anand government installed by the armed forces has proved to be one of the most competent the country has known.

Mr Anand's cabinet has earned the respect of businessmen for implementing a series of much-needed economic reforms, although liberals have criticised it for crippling the labour movement by banning trade unions in state enterprises.

The administration's solid performance has taken the sting out of the anti-NPKC statements of the Democrats,



Chatichai: government thrown out last year

The New Aspiration Party and Palang Dharma, the Bangkok-based party led by Gen Chuan Leekpai, a devout Buddhist and popular ex-mayor who goes by the nickname "Mr Clean".

No party is likely to get close to an outright majority in the 360-seat House of Representatives. Liberals argue that the prime minister should at least be an elected member of parliament, rather than a military appointee, and the election will probably be followed by a period of intense horse-trading, with the transport, communications and commerce portfolios regarded as prizes because they offer exceptional opportunities for graft as the country's inadequate infrastructure is developed.

Air Chief Marshal Sombhorn Rahong, now leader of the Chat Thai party, and Gen Suchinda Kraprayoon, the army commander, are being tipped as possible prime ministers of a coalition government sympathetic to the military.

In any event, the armed forces have little to fear the election. Under a new constitution devised by the military, Gen Suchinda Kongsompong, the NPKC chairman, will appoint a 270-member Senate on election day which will have the right to vote together with the elected lower house in no-confidence debates, and thereby give pro-military parties a strong influence over the choice of a prime minister.

If all else fails, the military could always stage a coup d'état.

Ivory trade ban to remain despite African pleas

By Robert Thomson in Kyoto

INTERNATIONAL bans on the trade of elephant and rhinoceros products will remain in place, despite impassioned pleas yesterday from southern African nations that a relaxation would be in the best interests of the two threatened species.

The triennial conference of the Convention on International Trade in Endangered Species (CITES) also agreed not to impose limits on trade in Atlantic bluefin tuna, though Japan and other leading fishing nations promised to reduce their catching of the fish.

At least two southern African governments, Botswana and Zimbabwe, threatened to withdraw from the organisation after it became clear that a vast majority of the 114 CITES

member states opposed the lifting of a three-year ban on trade in ivory and other elephant parts.

Both delegations argued that they could raise funds to expand their existing elephant conservation programmes through limited international sales of elephant hide and meat, and that a moratorium on trade in ivory would be maintained for at least the next two years. A disappointed Botswana said that it would now "weigh the costs and benefits of CITES membership".

While most other delegates were confident that the two governments will not withdraw, their threat highlighted conflicts among CITES members in defining "sustainable trade" in wildlife, particularly on

emotional issues such as the elephant.

Zimbabwe also argued that a limited trade in rhinoceros horns would enable the country to bolster a campaign against heavily armed poachers whose slaughter of the species has intensified over the past years. Delegates from Zimbabwe said that "we shoot people to protect rhinos" and that "we place the survival of the rhino population above the survival of the CITES rules".

The bluefin tuna debate has provoked a strong reaction within Japan, the consumer of three-quarters of the bluefin exported from the western Atlantic, most of which is used to make sushi.

After a week of intense pub-

lic pressure from industry groups and of furious lobbying by Tokyo, the Swedish government yesterday withdrew its proposal to ban trade in the western Atlantic variety, though it did extract promises of reduced catches.

Japan, supported by the US, Canada and Morocco, had argued that an existing body, the International Commission for Conservation of Atlantic Tuna, is successfully monitoring bluefin stocks, and that CITES should not impose restrictions.

The tuna argument highlighted the growing problem of CITES overlapping existing trade monitoring organisations, often industry-run. This was also shown in a debate on a Netherlands proposal limit-

ing trade in two species of tropical timber, which it argued should fall within CITES jurisdiction.

However, Malaysia, a large exporter of tropical timbers, said the proposal was "ill-conceived" and that CITES "should not be used as a tool to strangle international trade in timber". The Malaysian government insists that the International Tropical Timber Organisation is responsible for overseeing trade in the product.

The tough Malaysian response was also an indication of the resentment felt by some industrialising countries at perceived attempts by the developed world to limit trade in what they regard as lucrative resources.

Fijians to vote for first time since coups

By Kevin Brown in Sydney

FIJIANs will go to the polls between May 16 and May 23 in the first general election under the island's racially-biased constitution, introduced in 1990 in the wake of two military coups.

The dates were announced in Suva yesterday by Fiji's Electoral Commission. Mr Qorimasi Bale, chairman, said the timetable was subject to approval by President Ratu Sir Peniaki Ganiyaru, the head of state.

The election is expected to be won by the Fiji Political Party (FPP), which is supported by most of the traditional chiefs of Fiji society. Many members of the interim government which has run Fiji since the coups are expected to stand for the FPP.

The Labour party, the main opposition grouping, has said it will boycott the election, but a number of other opposition parties are likely to nominate candidates.

The constitution gives ethnic Fijians an automatic majority of 37 seats in a lower house of parliament which will have 70 seats. Ethnic Indians, who account for about half the population of 720,000, will have 27 seats and other races five. One seat is reserved for the outlying island of Rotuma.

NEWS IN BRIEF

Indonesian aircraft buzz East Timor protest ship

Passengers on a voyage to protest at the killings in East Timor said yesterday that aircraft from Indonesia, which warned against the sailing - had buzzed the vessel, AP reports from Darwin. About 150 people, mostly students and politicians, from some 20 nations are aboard the ferry, which is expected to reach Indonesian waters this morning.

They hope to lay wreaths in memory of protesters who died last November when Indonesian troops opened fire during a funeral procession in East Timor. Indonesia has said it will block the ferry Lusitania Express from entering waters around the former Portuguese colony it invaded in 1976 and annexed.

Indonesian officials say several naval ships are in place.

N Korean Scud freighter docks in Iran

A North Korean freighter, the Dae Heng Ho, believed to be carrying Scud missiles for Iran or Syria, has reached the Iranian port of Bandar Abbas, a Pentagon official said, AP reports from Washington. The US Defense Department has made clear that the navy was prepared to intercept the vessel.

US officials have been tracking a second ship, believed heading for the same port and carrying similar weapons.

Japanese opposition MP resigns

A Japanese opposition MP resigned yesterday to take responsibility for links to a scandal, Reuters reports from Tokyo. Mr Kenichi Teno resigned after reports that he received bribes totalling ¥5m (\$22,000) last year from a resort developer.

Cameroon government beaten in poll

Opposition parties beat the authoritarian ruling party in Cameroon's first free elections in 32 years despite a boycott by most main government opponents, AP reports from Yaounde.

The voting showed President Paul Biya's unpopularity outside tribal bases in the south and centre of the Central African nation.

Republic status for Mauritius

Mauritius becomes a republic tomorrow but is to remain a member of the Commonwealth, UN Foreign Staff writes.

The Commonwealth Secretariat announced yesterday that Mauritius would become one of 29 member republics with their own heads of state, out of a total of 50 member countries.



Burning election issue: Left-wing demonstrators in the Philippines burn an effigy of President Corason Aquino, which was placed upside down on a barbed wire barricade near the presidential palace yesterday. Presidential elections are to be held on May 11

Philippines aid 'not all disbursed'

By Jose Galang in Manila

THE PHILIPPINES has made surprisingly little use of aid pledged by international donor countries, according to an official report.

Of pledges totalling \$2.87bn (\$1.67bn) made in 1989, some 39.4 per cent or \$1.13bn had been disbursed by the end of 1991, and of pledges of \$3.23bn at the 1991 meeting, only 19.6 per cent or \$633m had been disbursed as of December.

The slow rate of use will be the main focus at the next session of debt talks, chaired by

the World Bank and beginning in Hong Kong tomorrow. Donors are expected to review the performance of the outgoing administration of President Corason Aquino. Elections are due on May 11.

Leading donors are likely to commit themselves to continued support at least in the transition period to the new administration. The World Bank is expected to pledge up to \$800m of new financial assistance.

Mr Jesus Estanislao, finance

secretary, is expected to explain that the government was hamstrung by a delay in congressional approval for last year's budget and difficulties in raising local counterpart financing for foreign assistance.

He will seek financial support for a debt reduction programme recently agreed with leading commercial bank creditors. Over the long term, he will seek commitments to programmes including power and water projects, environmental issues and poverty alleviation.

Economic woes dent peace-time hopes of Lebanese

The main union claims government policies are 'anarchic and inflationary', reports Lara Marlowe

N EARLY a year and a half after the end of the civil war Lebanon's hopes for rapid reconstruction and a return to commercial and banking prominence in the Middle East have faded.

In the space of two weeks, the Lebanese pound lost 30 per cent of its value and inflation rocketed. At the start of the month, the main Lebanese trade union called for sit-ins and demonstrations to protest against government economic policies it calls "anarchic, inflationary and impoverishing". A general strike on March 6 was widely observed, reflecting the general discontent.

European Community foreign ministers have blocked \$80m in aid because of the continued detention in Lebanon of two German hostages. Hospitals have stopped accepting medical insurance pending a revision of inadequate payment schedules. Lebanon has even requested it be exempted from its annual \$550,283 Arab League dues because of eco-

nomie difficulties.

Mr Omar Karami, Lebanon's prime minister, has accused the US of provoking the crisis by blocking foreign aid and opposing military sales which would strengthen the Lebanese army. But Lebanese are almost unanimous in blaming their pro-Syrian government for the debacle.

"Searching for lost confidence," read a front-page headline in the French-language daily *L'Orient Le Jour*, summing up the country's despondent mood. "Every Lebanese knows the weakness of a worm-eaten administration which, like a cadaver, feeds a cloud of parasites through its own decomposition," the paper said. "Caught in a vicious circle... the more the state flails about like a drowning man, the deeper it sinks."

The government continues to spend far more than it collects in taxes, and this coupled with its inability to attract reconstruction aid or increase state revenue are at the heart of the crisis.

The Lebanese government is the largest employer in the country, spending 50 per cent of its budget on salaries and another 40 per cent on servicing the public debt.

The root causes of the crisis have long been present: war-ravaged infrastructure, an import-based consumer economy and a cumbersome government bureaucracy.

A war-ravaged infrastructure and import-based consumer economy are at the root of the problems

But the runaway inflation and currency depreciation of the past few weeks were sparked off by two official moves, both announced on February 19: the central bank's decision to let the Lebanese pound float freely against the dollar and an across-the-board 60 per cent private sector pay rise.

Fighting between Israelis and Lebanese militiamen in

southern Lebanon that same week further aggravated the downward spiral.

The Banque du Liban (BDL) had since mid-1991 stabilised the pound at about L£880 to the dollar. But worsening conditions late last year forced the BDL to spend up to \$400m in foreign currency reserves to support the pound. Faced with further depletion of its remain-

ing \$856m in reserves, the BDL decided to cease intervention on currency markets. After a steep fall three weeks ago, the pound has stabilised at L£1170 to the dollar.

An emergency economic plan announced by the government simply reiterated old promises to limit government spending and increase state revenue. Interest rates on treasury bills were raised to more

than 18 per cent, providing the government with cash but swelling the public debt, which now represents 37 per cent of the BDL's assets.

The policy of increasing taxation on consumer items such as fuel and cigarettes - and even collecting income tax - has done little to encourage Lebanese who enjoy negligible basic services and have seen prices shoot up some 40 per cent in two weeks. The ministry of posts and telecommunications this week ordered Lebanese citizens to pay phone bills by the end of the month or have their lines cut. The telephone system barely functions and no bills have been delivered for the past four years.

Even the price of arabic bread, the basic food staple here, was officially increased by 32.5 per cent at the start of the month. In spite of last month's pay rise, the official minimum wage still stands at just over \$100 per month, a ludicrous amount in a country where prices can rival those of

Europe.

The pay rise was within days neutralised by the depreciation of the pound and concomitant inflation.

None the less, plans for a multi-billion dollar "Manhattan of the Middle East" to be built on the ruins of downtown Beirut continue under the aegis of Lebanese-born Saudi millionaire Rafiq Hariri's "Council for Development and Reconstruction". Positive political developments, such as the liberation of the two German hostages, progress towards an Israeli withdrawal from southern Lebanon or even the successful holding of parliamentary elections (vaguely promised for this summer or autumn) could bolster the confidence that is now so sorely lacking.

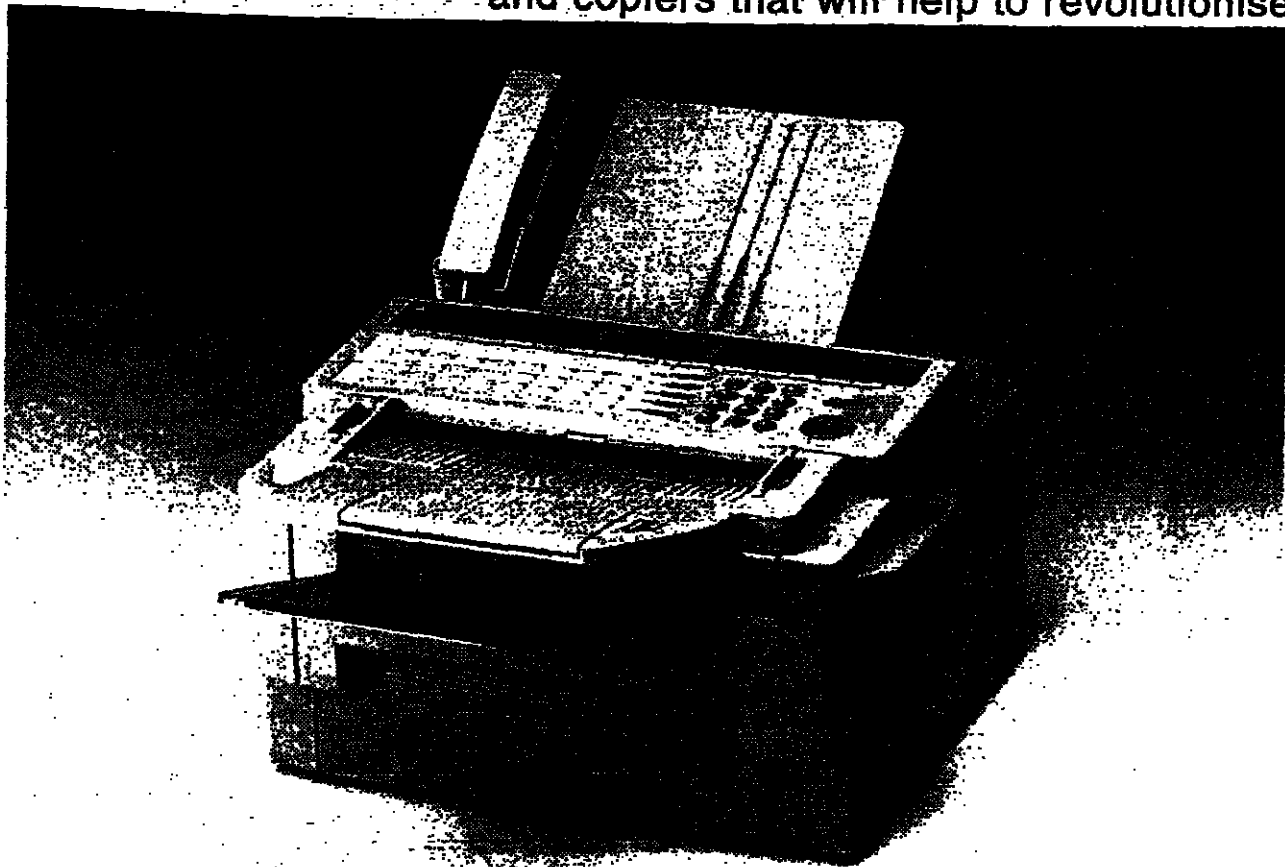


Two Christian boys buy thyme cake from a street vendor in battered east Beirut: there is peace, but little prosperity

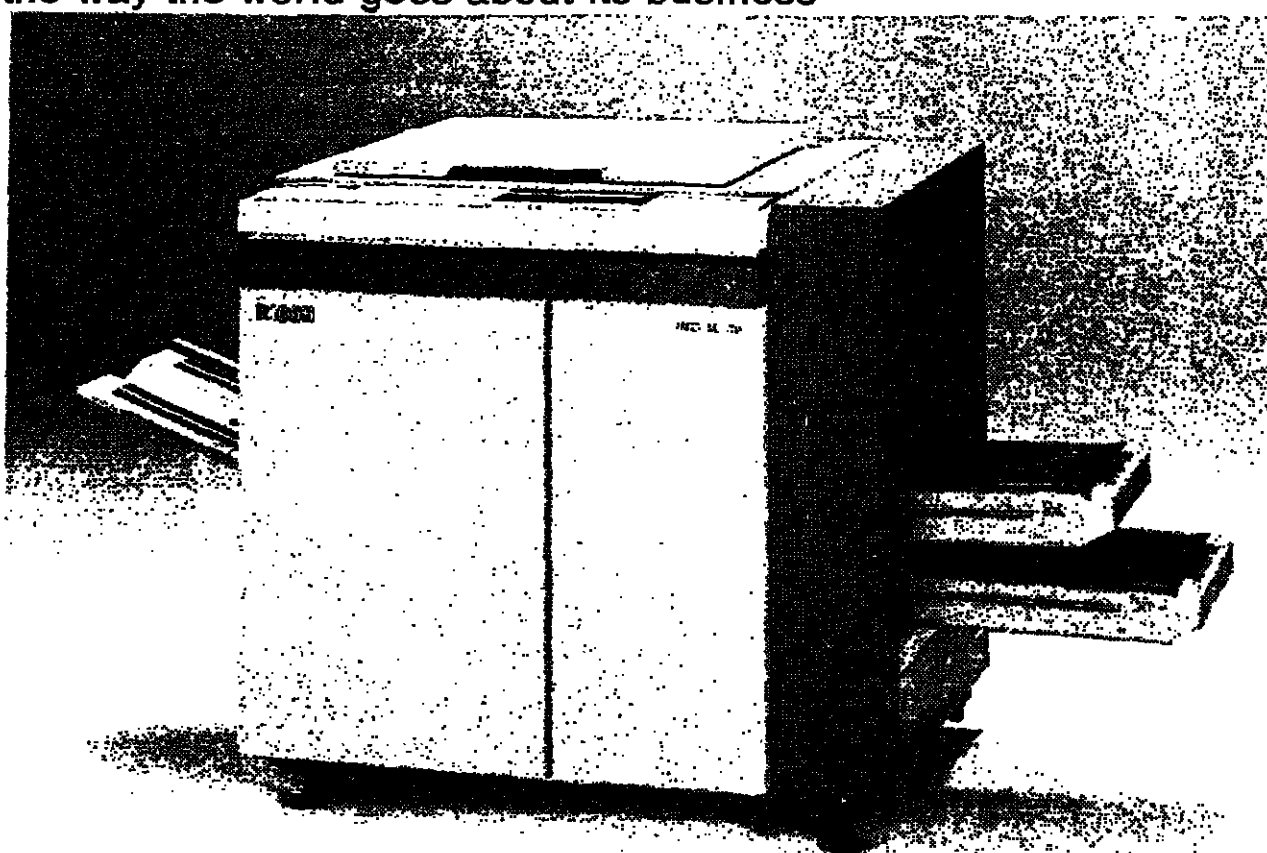
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TOMORROW'S BUSINESS WORLD

Ricoh, a leader in office automation, is set to play a starring role in CeBIT '92, the world's largest fair, which opens today. Up to 600,000 people will have the chance to see the company's innovative fax machines and copiers that will help to revolutionise the way the world goes about its business



Ricoh Fax 3000L: the mega-memory plain paper fax



Ricoh NC 8015: the fastest digital full-colour copier

RICOH will be one of the star attractions when CeBIT '92, the biggest fair in the world, opens in Hanover, north Germany, this morning.

The fair, dedicated to the latest developments in information and telecommunication systems, is a fitting showcase for Ricoh, a world leader in office automation. More than 600,000 visitors are expected in the coming week, and those who want to know how the future will work must visit the Ricoh stand. There they will find the fax machines and the copiers that are revolutionising the way the world goes about its day to day business.

CeBIT '92 may not have had the world-wide exposure of Expo '92, which is due to open next month in Spain's

historic city of Seville. Nor does it have the international glamour of the 1992 Summer Olympics Games, which will begin in Barcelona at the end of July. But the thousands of visitors who will crowd into the 271,000 square meters of the HanoverMesse in the coming week will have travelled from all over the world to see the very best and brightest new products.

CeBIT is the highlight of the communications technology world. It is the place to be seen, to show the latest products, and clinch deals. The venue in Hanover, which will host Expo in the year 2000, is one of the largest of its kind in the world.

Now in its seventh year, CeBIT this year is bigger than ever and provides a comprehensive showcase of modern technology. More than 5,000 exhibitors from 45 countries are there to highlight the latest opportunities in office automation, information and communications technology and computer and networking equipment. Ricoh has a prominent place among the exhibitors and will be displaying its latest range of products spread over a 1,525 square metre stand.

Although founded in Japan more than 50 years ago, Ricoh's European character is highlighted by the fact that over the next week about 600 Ricoh European employees, dealers and distributors will be at the stand. Coming from Norway, France, the UK, Italy, Spain, the host country Germany and many others, they are living proof of the way Ricoh has established itself in Europe over nearly three decades.

Since establishing its first subsidiary in Europe in 1963, Ricoh Europe BV, from its Amsterdam headquarters in the Netherlands, co-ordinates its seven sales subsidiaries and a financial subsidiary as well as the two production subsidiaries at Telford, in England's West Midlands, and Colmar, in France's Alsace region.

But by no means will all, or even most, of the visitors to CeBIT '92 be technical experts or people with a professional interest in the exhibits. For CeBIT attracts tens of thousands of the general public, all eager to see the kind of products which they will be using in their offices, or homes, the day after tomorrow.

Most of the products on display are designed to make our everyday life easier and our life at work simpler and more productive. Fax machines, for example, which are considerably faster than today's in sending or receiving messages. Copiers which can cope with greater demand. Others which will provide colour copies of a reproductive quality and accuracy which would have been thought impossible a few years ago.

Visitors to Ricoh's stand, for example, will be able to see some of the very latest of the global group's technology — like the Ricoh NC8015, a digital full colour copier, or the Fax 8000 DT, a full colour facsimile, and the LP 1200, the group's new 6ppm laser printer.



Ricoh LP 1200: FLASHROM-equipped to reduce downloading

Such examples of Ricoh's new products highlight two of Ricoh's main themes at CeBIT '92 — the "Technological Twins", known in the trade as "Digitalisation" and "Colourisation".

Put simply, digitalisation is the increasing use of digital technology in both fax and copier machines. Currently around 90 per cent of all our copiers, for example, work on an analog system. By the year 2001 it is anticipated that around 80 per cent will be based on a digital system.

The consequences? Faster copying results with higher quality reproduction and, ultimately, more competitive prices. Colourisation speaks for itself. The application of high-quality colour technology for both copiers and fax machines in the office is just around the corner. "Colour and digitalisation are undoubtedly the way of the future," says Ricoh Europe's Eric Huygen, deputy general manager.

On show at Hanover is Ricoh's NC 8015, a copier which combines digital technology with full colour reproduction. At a continuous copy speed of 15 full-colour A4 copies per minute on plain paper, the NC 8015 is the fastest system in its category in the world.

The new Ricoh NC 305 responds to the needs for both black and white, and colour. In black and white mode it can copy at a rate of 30 A4 copies a minute. In its basic 3-scan mode the NC 305

delivers a full-colour copy within 20 seconds and follow-up copies at a rate of five a minute.

Ricoh's next generation fax — the Colorfax 8000 DT, the machine the company calls "Tomorrow's facsimiles today", will be one of the highlights of the show. The Colorfax 8000 DT confirms Ricoh's technological edge in the fax world as befits the company which, as official fax sponsor of the Summer Olympic Games in Barcelona this year, has installed the world's first Olympic facsimile network.

Combining extraordinary clarity of reproduction with accurate colour and impressive speed, the Colorfax 8000 DT includes a monitor which checks all incoming data and will only print out when the machine is satisfied that the quality is absolutely right.

Will all copiers in the future produce in colour? Ricoh's President, Hiroshi Hamada, believes that there is room for both colour and black and white in the office of the future. "We do not expect that complete colourisation will take place because there are so many areas in which black and white is sufficient. However, there are areas in which people are using colour, so in the office, eventually, we will have both black and white and colour." Another new colour development on

show at CeBIT '92 is Ricoh's FS1 S, a new colour scanner which Ricoh claims far surpasses other colour scanners in technology and speed.

One of the advantages of an international trade fair of the size and scope of CeBIT is that companies can display not only their future designs, but also their existing successful products and those about to be launched on the market.

One of the latter is Ricoh's Fax 3000L, a new fax using plain paper rather than special thermal fax paper. The FAX 3000L's new engine offers less expensive running costs, new seamless OPC and strong durability.

As befits the Olympic Official Fax Sponsor, Ricoh is going out of its way to display its new fax products at CeBIT '92. Apart from the new generation 3000L, Ricoh is presenting its mega-memory fax, the Fax 550, which will be available immediately to customers. Speed is one of the Fax 550's claims to fame, with its document read time of a mere 4.5 seconds and a high transmission speed of 10 seconds for an A4 page.

Professionals and home office users are likely to be attracted to the new compact Ricoh Fax 01, with its automatic telephone/fax change facility, while the Ricoh Fax 02 has a 128KB memory which allows documents to be transmitted in the absence of the user and can also transmit a single document to several

different recipients.

Small businesses are a main target of the new Ricoh Fax 240, although it could also prove a boon as a personal desktop fax or a satellite fax in a larger organisation. Documents received are also automatically cut to size and de-curved, thus obliterating that annoying habit of fax paper to roll up.

Another new Ricoh product which will be demonstrated to CeBIT '92 visitors is the LP1200, a desk top laser printer with its wide range of features, including FLASHROM, which means that users no longer have to download software fonts every time they use the printer. FLASHROM also enables the user to upgrade the controller firmware downline using a User Registration Card, because Ricoh recognises that any new printer language could soon become out of date due to the rapid innovations in the printer industry.

Another innovation in the world of office automation is "networking", a buzz-word which will be heard a lot in Hanover during the next few days and which refers to the integrating of fax and copiers with printers and the desk top computer.

Ricoh is using CeBIT '92 to introduce its LP5100, an A3-size laser printer specially designed for a network environment. Not only has the LP5100's print engine been built to be highly reliable, but Ricoh has also paid attention to ease of maintenance. The LP5100 is constructed to avoid complicated paper feed problems, and it is simple to check and repair should this ever become necessary.

Ricoh brings two special strengths to CeBIT '92 and the European market.

The first is the global spread of an international group which now employs 44,500 people in 127 subsidiaries and 24 modern production facilities.

The second is a long tradition of devoting considerable money, commitment and engineering talents to research and development from which the products now on display at CeBIT '92 have been developed.

Ricoh spends over 5 per cent of its net sales on R&D centred on the Ricoh Research and Development Centre, based near Yokohama, about an hour from Tokyo. The Centre's R&D activities are strongly supported by various specialised research centres and laboratories, seven in all. In Europe, Ricoh's European Facsimile Design Centre, started in Frankfurt, Germany in 1986, has become an integral part of Ricoh's European operations by planning and designing fax machines specifically geared to the needs of the different national markets within Europe.

CeBIT '92 highlights the latest developments in a global leader like Ricoh for one week in Hanover. But what really counts is the quality of the products and service that a group such as Ricoh can provide all the year round, thanks to its global reach and its growing strength in the European market.

RICOH

Official Olympic
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The countdown to gold and glory

WITH THE Winter Olympics in Albertville, France, successfully behind them, the Olympic organisers are now devoting their full energies to finalising the arrangements for the Summer Olympics in Barcelona, Spain.

By the time the Olympic torch has completed its 5,000 kilometre journey around Spain and the final torch-bearer lights the flame at the Opening Ceremony in the Montjuïc Olympic Stadium on July 25, the Olympic organisers will have completed the complex organisations for the biggest Olympic Games ever.

The official sponsors to the Games will have played their part, including Ricoh, which, as Official Fax Sponsor, has completed the installation of the first facsimile network in history.

Not only has Ricoh created a worldwide network which links more than 160 companies on six continents with the International Olympic Committee's headquarters in Lausanne, Switzerland, and the Olympic sites in Barcelona and the other Spanish towns where events are being held.

Ricoh has taken great care in the smallest details in providing the right individual machine to meet the special needs of the users. So Ricoh is providing a range of faxes for COOB, the Barcelona Olympic Organising Committee, which include 350 units of the Ricoh Fax 80, 50 units of the Fax 85 and 50 plain paper facsimile machines. Ricoh faxes will also be available at the Telefonica telephone and fax booths which will be situated in strategic areas at the Games venues.

RICOH **CeBIT '92**
HANNOVER
11-18 MARCH 1992

AMERICAN NEWS

Foreign groups in Venezuelan oilfield bids

By Joe Mann in Caracas

A TOTAL of 19 companies and consortia, including BP and Shell, have tendered to operate inactive oilfields in Venezuela, in the first attempt to open up the country's oil industry to foreign investment since it was nationalised in 1976.

Over the last 16 years, private companies have not been allowed to work in the production of Venezuelan crude oil, or in other areas of petroleum activity reserved for the state.

The national oil company, PDVSA, asked for bids on 55 inactive oilfields in nine different geographical areas. Venezuelan and international companies offered bids on only five of the nine areas identified as production units by PDVSA.

The Venezuelan company said 58 consortia had originally expressed interest. While the turnout was relatively low, PDVSA was encouraged by the fact that BP and Shell - two of

the world's largest oil companies - participated.

PDVSA estimates that probable reserves in the nine areas up for bidding stand at 357m barrels, while possible reserves are 1.17bn barrels.

The areas contain light, medium and heavy crude oil, as well as condensates and natural gas.

● Venezuelan President Carlos Andrés Pérez appointed at least one political opponent to his cabinet in a shuffle designed to broaden his support and overcome a leadership crisis, Reuters adds.

The president, under pressure to resign since a failed coup attempt last month, shuffled five ministers and several ministers without portfolio.

Mr Humberto Calderón Berti, an oil minister in a former social Christian COPEI party government, was appointed foreign minister.

Brazil steps up war on cartels

By Christina Lamb in Rio de Janeiro

THE Brazilian government's continuing war against cartels and oligopolies intensified yesterday with the summoning of representatives from various industries including steel and paper to explain "abusive price rises".

Some 90 legal suits have been started against various companies, mainly in areas of pharmaceutical products and household cleaning items, for raising prices by as much as 90 per cent above inflation this year, to compensate for falling sales.

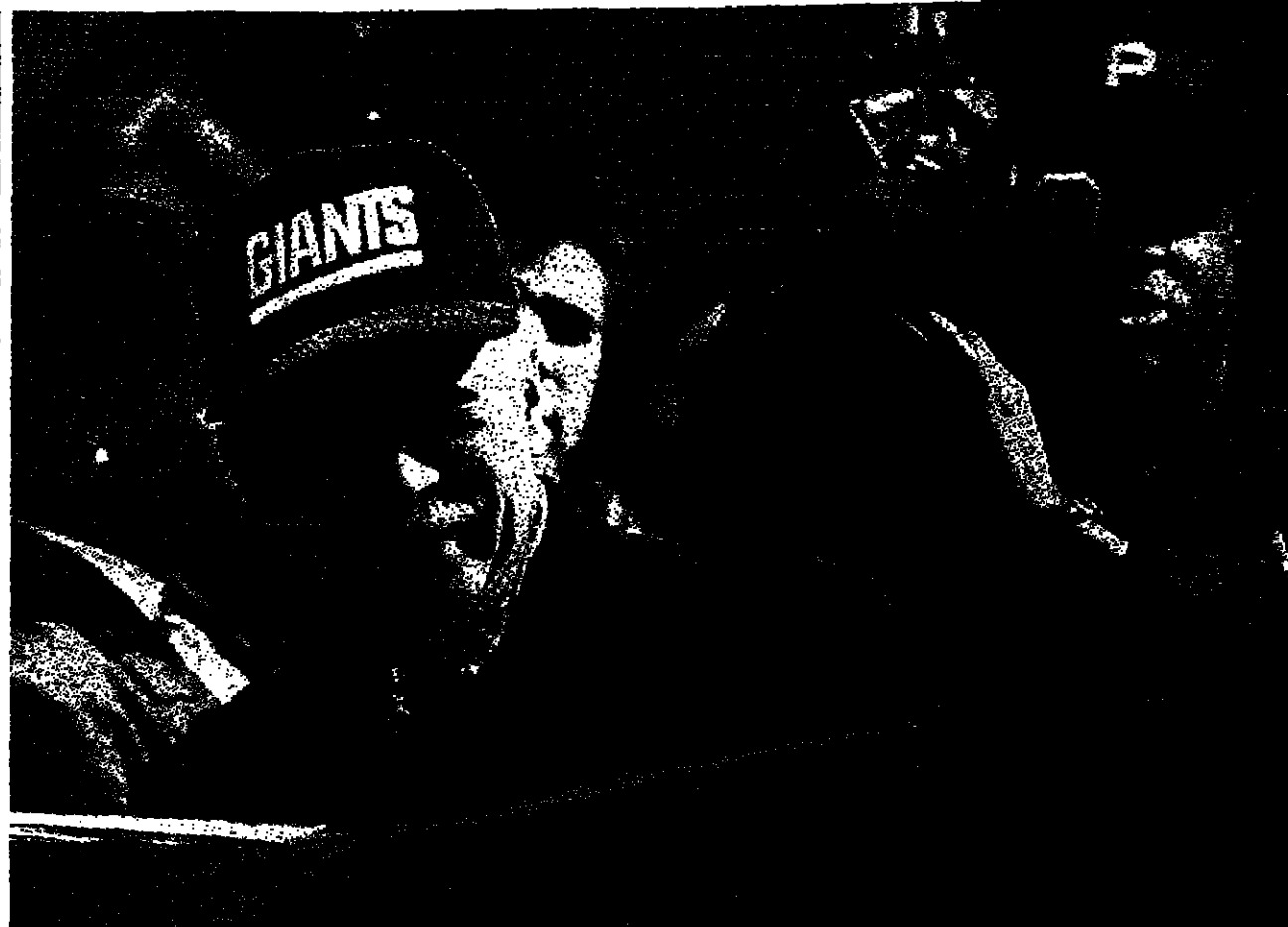
The decision came amid predictions that last month's inflation figure (due to be released today) would reach 24 per cent. Although lower than January, it is higher than the government had been hoping; the index for Rio, published yesterday, was still above 25 per cent.

Economy ministry officials said they remained sure the downward trend would speed up, and are working on the basis of 21.2 per cent for March.

They blame the continued high index on the behaviour of cartels and oligopolies.

One sector especially under fire is the car industry. Many car dealers have been refusing to buy vehicles because of frequent price rises. Yesterday, the Car Dealers Association said they would begin legal proceedings against manufacturers for "abuse of prices".

The government is expected to threaten accelerated reduction of import tariffs on products where increases have outstripped inflation. Other ideas include reimposition of price controls.



New York's Mayor David Dinkins smiles as he is mobbed by the media on leaving hospital in Manhattan after a one-day stay. While admitting he was not fully recovered from a bout of flu, he assured New Yorkers that their mayor "was back at the helm".

OECD lists top three research spenders

THE US, Germany and Japan top the league of industrialised countries investing in research and development, a motor of economic growth, according to Organisation for Economic Co-operation and Development statistics published yesterday, Reuters reports from Paris.

But while 60 per cent of US money goes into military projects, Bonn and Tokyo are most active in funding civilian science and technology, reaping rich export benefits.

Figures released by the 24-nation OECD as science ministers met in Paris showed that research and development accounted for 2.5 per cent of US, German and Japanese gross domestic product.

This compared with only 1.3 per cent in Canada and Italy.

Private enterprise accounts for most science spending in Japan and Germany but the government finances half of all research and development in

the US. Only in France does the government role in funding approach the US level.

Defence takes the lion's share of research and development budgets in the US and a sizeable share in Britain and France - but gets less than 11 per cent in Germany and Japan, the figures showed.

The US was one of the few OECD countries where the share of research and development carried out in the civilian

business sector did not grow in the 1980s.

Japan, with the fastest growth rate for private sector science spending, became even more oriented towards industrial research and development.

In the European Community, industrial investment in research and development grew through the 1980s while the proportion financed by governments declined significantly.

Noriega says he will not testify

By Henry Hamman in Miami

FORMER Panamanian leader General Manuel Antonio Noriega said yesterday he would not testify in his drug-trafficking conspiracy trial in Miami.

He said he had made the decision because "my presentation would have to be limited not to include political matters, issues of war, and the 1989 US invasion."

The decision was announced as the general's defence rested its case in the trial underway in Miami since last September.

Prosecutors yesterday began to present a rebuttal case in which several agents of the US Drug Enforcement Administration (DEA) will testify.

If convicted on 10 drug and racketeering counts, Gen Noriega could get up to 140 years in prison.

In a hearing before trial judge Mr William Hoeveler, with the jury absent, one of Gen Noriega's attorneys, Mr Jon May, asked the judge to order the government to make further disclosures which the defence had a right to know.

A major part of the defence argument rests on the fact that the DEA did not inform either prosecutors or the defence about an on-going money-laundering investigation it had carried out with Panamanian authorities until after the prosecution had completed presenting its case against the general.

Winds of change may be gaining pace in Ecuador

Sarita Kendall examines the pre-election mood

THERE ARE strong winds blowing everywhere else," said a leading Quito businessman, "but not even a breeze here."

That was a little unfair to Ecuador President Rodrigo Borja, who has begun the process of opening up the country, albeit more gradually than most of his neighbours. Tariffs have been lowered and tax reforms introduced, and Ecuador now finally expects to join the General Agreement on Tariffs and Trade (GATT) and is taking part in regional trade agreements.

Nevertheless, the fear that Ecuador is being left behind by political and economic developments in Latin America has strengthened the chances of the two front-running candidates in May's first round of presidential elections: Mr Sixto Duran and Mr Duran, both linked to the private sector.

The state apparatus has, if anything, grown in size and power under the current Social Democrat government. Relations between the public and private sectors have been thoroughly acrimonious and were exacerbated by a recent dispute over the price of medicines which led to arrests. Foreign investors are so frustrated by bureaucratic tangles and the slow pace of negotiations that, according to one oil man, "we sometimes wonder whether they really want foreign companies here."

Despite its rich resource base and stable democratic government since 1979, Ecuador's per capita income dropped during the 1980s, following the Latin American trend. While annual inflation never reached triple figures, it has remained around 50 per cent over the last three years. This year's aim is to reduce the rate to 30 per cent by June, but, with elections approaching, there is pressure to ease off austerity and encourage economic reactivation.

It seems unlikely that the government and the banks will make any progress towards resolving the debt problem at

this late stage. The total foreign debt stands close to \$12bn, and Ecuador has reached agreement with the International Monetary Fund and the Paris Club. But the government's unshakeable proposal for a 70 per cent discount on the \$5.7bn commercial debt, combined with its failure to keep up full interest payments, has left bankers disenchanted.

Although banana and shrimp exports leapt to record levels last year, oil still contributes about 40 per cent of foreign earnings and half of fiscal income. Lower oil prices are having a serious impact on government finances.

Infrastructure and the public services have suffered as a result of keeping charges dampened down and lack of investment. Low rainfall along the eastern Andean cordillera reduced the water flow into the country's main hydro-electric at Pantea to a dribble. Electricity cuts of more than 10 hours a day in early February disrupted industries, services, traffic, lights and homes, while officials argued about who was to blame - not so much for the drought, as for the poor planning and sited up reservoir which foretold future electricity shortages.

Mr Borja did, however, enjoy a sudden surge in popularity as a result of Peruvian President Alberto Fujimori's visit to Ecuador in January. Quito's residents gave Mr Fujimori an expectedly warm welcome, and

both the Ecuadorian military and political candidates have been forced to recognise that the 50-year-old south-eastern border problem is no longer an issue to rouse Ecuadorians.

An "honourable" solution now seems possible, perhaps involving papal arbitration and Ecuadorian access to the Amazon river.

Both Mr Duran, who leads the presidential opinion polls, and Mr Nebot, who is second, apparently favour a border agreement. Those further down the list - there are 12 presidential candidates in all - probably have little chance of victory, though the run-off system can cause surprises: unless one candidate wins more than 50 per cent of the vote on May 17, when congressional and local government elections also take place, the two leading contenders go forward to a second round in July.

Mr Duran, a former public works minister launched by the United Republican Party, presents himself as the friendly, experienced businessman who can get roads built and pull the country out of economic stagnation without radical excesses. Mr Nebot, younger, less predictable and more charismatic, has strong support from the private sector of Guayaquil and belongs to the Social Christian Party. Economic liberalisation, privatisation and attracting foreign investment form part of both candidates' platforms.

The next president, who will take office on August 10, not only has a backlog of financial and economic problems to deal with, he must also face the fact that Ecuador is no longer such a peaceful backwater. Bomb scares, murders and armed robberies are commonplace. Drug use, drug trafficking and money laundering are increasing and estimates of the drug money filtering through now run from \$500m to over \$1bn.

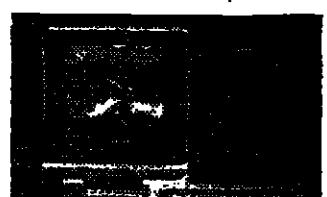
While Ecuador is still seen as a drug transit country rather than a production centre, Mr Borja's successor may have trouble keeping it thus.

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Gabi Scheeler, 39

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Depository: Morgan Guaranty Trust Company of New York
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THE UK BUDGET

The chancellor's statement in brief

The Budget, the annual government statement on monetary and fiscal policy, determines the economic strategy for the forthcoming year. Mr Norman Lamont, who yesterday delivered his second Budget as chancellor of the exchequer, followed parliamentary tradition by reviewing the economic climate in which the government has made its tax proposals and gave a brief forecast of the prospects ahead. Although Mr Lamont outlines spending plans, such expenditure is not used to announce new public sector borrowing. The Budget speech is also supplemented in the Financial Statement and Budget Report - known as the Red Book, which details background information on the chancellor's statement. Further details are also released in notices from the Inland Revenue and Customs and Excise. There were 77 such notices in 1991. Following the chancellor's statement, MPs have the opportunity to discuss the proposals in a Commons debate lasting two days.

New lower band of tax

The chancellor left the 25p basic tax rate unchanged but introduced a lower rate of 20 pence in the pound for the first £2,000 of taxable income. The change, which Mr Lamont said would benefit 10 million people, will make taxpayers about £2.54 a week better off. The ceiling on mortgage tax relief was left unchanged at £30,000, but will be applied at 25 per cent throughout despite the new 20p rate. Personal allowances: Income tax and age-related allowances will rise in line with inflation. The married couple's allowance will be frozen this year, but husbands and wives will be allowed to transfer this allowance from the husband to the wife or to share it equally. The wife will be allowed to claim half the allowance at her own request.

Pensions increase

Single pensioners on income support will get an extra £2 per week and married couples an extra £3 a week from October.

Boost for car industry

The rate of car tax was halved from 10 per cent to 5 per cent at midnight last night. The capital allowance limit on business cars will be raised from £3,000 to £2,000 so that 80 per cent of business cars will be treated like any other business asset. Taxis, car hire firms and driving schools will be allowed to reclaim VAT when they buy cars. The chancellor said he would also consider how to move to company car tax scales based solely on the price of the car rather than the size of its engine. The VAT charge levied when firms offer employees a choice between a car or extra salary will be scrapped.

Excise duties raised

On alcohol, diesel and unleaded petrol, duty will rise in line with inflation. On leaded petrol it will rise by 7.5 per cent, widening the differential between taxes on leaded and unleaded petrol to 5p per litre. Duty on cigarettes and other tobacco (including the chancellor's own favourite - slim panatellas) will rise by about 10 per cent, raising the price of a packet of 20 cigarettes by 13p. Pipe tobacco will rise in line with inflation. Vehicle excise duty on cars will be increased by £10 to £110. Betting duty will be cut from 8 per cent to 7.5 per cent.

Help for companies

No change in corporation tax rate or depreciation allowances. No business will face an increase in the uniform business rate higher than the rate of inflation. This includes those properties protected by the transitional arrangements set up to ease the switch from rates to the UBR in 1990. Occupiers of new premises, currently not eligible for transitional relief, will inherit the transitional protection of the previous occupier. Most business assets will now be exempt from inheritance tax so that family businesses can be passed on without a tax charge. The business expansion scheme will be scrapped from the end of 1993 but the chancellor announced measures to make it easier to use the BES for mortgage rescue schemes.

Small businesses

To improve the speed at which bills are paid, bigger companies will have to state in their annual reports how quickly they pay bills. Government contracts will include clauses requiring contractors to make prompt payment to subcontractors. The limit for employers making quarterly rather than monthly PAYE and NIC payments will be increased to £450.

Savings and inheritance

The annual limit on Personal Equity Plans (PEPs) will be raised from £3,000 to £5,000 for unit and investment trusts. The threshold for inheritance tax will rise by more than inflation to £150,000. The amount of capital gains exempt from tax will rise in line with inflation from £5,500 to £5,800.

Value Added Tax

Penalties for mistakes on VAT returns will be reduced so that a penalty will no longer be imposed for an error of less than £2,000. The system under which small businesses with turnover under £300,000 can defer VAT payments until the end of the year will be extended to traders who owe Customs and Excise up to £5,000.

The film industry

Tax relief for pre-production costs will be available as it is incurred and production expenditure will be written off at a flat rate of 33 per cent once the film is finished.

Charitable giving

The minimum level for a single charitable donation that qualifies for tax relief will be reduced to £400 from £500 from July 1.

EMMA TUCKER

An unbalanced Budget

Budget giveaways totalling £1.45bn were more modest than the City was expecting. But moderate economic growth and depressed tax revenues mean that the government is expecting a public sector borrowing requirement of £28.7bn, higher than expected.

PSBR doubles

Between 1991-92 and 1992-93, total expenditure is expected to rise by £22bn while total revenue increases by just £7.7 bn. A PSBR of £28bn, up from £13.8bn in this current fiscal year, is equivalent to 4.2 per cent of GDP. Excluding £28bn of privatisation receipts the figure rises to 5.4 per cent of GDP in 1992-93.

A medium-term fiscal strategy

According to the Red Book, the government's objective is to "balance the budget over the medium term... The budget will return towards balance as activity recovers."

Fiscal imbalance

General government expenditure is forecast to peak in 1992-93 at 41.4 per cent of GDP, up from 40.2 per cent in the current fiscal year, before falling again as annual GDP growth rises above 3 per cent. Tax revenues are expected to fall by 1 percentage point to 37 per cent of GDP in 1992-93 and then to rise in subsequent years. But the PSBR is still forecast to remain in deficit up to 1996-97, by which time it will have fallen back to 3 per cent of GDP.

'A Budget for recovery'

Economic growth will resume this year, the chancellor said. The recovery will "start slowly but gather pace" encouraged by falling inflation at home, and by rising confidence and falling interest rates in the US and Europe. The chancellor blamed the "unexpected weakness" of the US and world economy for undermining the "clear signs of renewed growth in the late summer and early autumn of last year." GDP fell by 2.2 per cent last year. The defeat of inflation will bring "enormous benefits to British businesses and families", he said. But unemployment is expected to carry on rising "for some time", although at a slower rate. He confirmed the government's commitment to membership of the European exchange rate mechanism. Sterling will be moved to narrow bands within the ERM at its current central rate of Dm2.95 "in due course."

The highlights of the forecast are:

- **Growth resumes:** GDP grows by 1 per cent this year. This is slightly higher than the consensus of City forecasters, but substantially lower than the 2.4 per cent growth the government forecast in its Autumn statement. The recovery is expected to gain momentum in the second half of the year. GDP grows by 2 per cent higher in the second half of 1992 compared with the same period a year ago, and 3 per cent in the first half of 1993.

- **Inflation falling:** Retail price inflation falls to 3.4 per cent by the end of 1992, and to 3.4 per cent by the middle of next year. Factory gate price inflation falls further to 1.2 per cent by the middle of 1993.

- **Deficit widens:** The current account deficit rises to £6.2bn this year, and to £9bn, at an annual rate, in the first half of 1993. Exports grow by 3.2 per cent in 1992, lower than the 6 per cent forecast in the Autumn Statement, but imports grow by 4 per cent. By the first half of 1993, exports growth rises to 6.2 per cent and import growth to 8.4 per cent as the world and UK recoveries gain momentum.

- **World recovery:** There is a modest world economic recovery this year. The total output of the seven largest industrialised countries grows by 1.2 per cent this year and by 2.4 per cent in the first half of 1993. World trade in manufactures grows by 4 per cent this year.

- **Sluggish spending:** Consumer spending grows by 1 per cent this year, but picks up to 3 per cent in the first half of 1993. Fixed investment spending falls by 2 per cent in 1992 but grows by 3.2 per cent in the first half of 1993.

The last as we know it...

Whoever wins the election, yesterday's budget was one of the last as we know it. Mr Norman Lamont, the chancellor, began his speech with the announcement that from December 1993, tax and expenditure decisions will be brought together and announced in a December budget - an idea already touted by the Labour Party. The new "crystal clear" budget will show "where the money is coming from and where it is going to," said Mr Lamont.

EDWARD BALLS

Motor industry expects cut in car tax to boost sales

By Kevin Done, Motor Industry Correspondent

THE British motor industry forecast yesterday that new car sales could jump by around 70,000 a year as a result of yesterday's Budget which cut the rate of car tax from 10 to 5 per cent.

The Budget speech was warmly welcomed by car makers and dealers, whose fortunes have suffered in the last two years, as new vehicle sales have plunged with the sharp fall into recession in the post war period.

The halving of special car tax is expected to cut the cost of a typical family car costing £10,000 by around £400 and will reduce the total tax rate on new cars (including Value Added Tax) to 22.4 per cent from 27.3 per cent.

Mr Geoffrey Pelling, general manager of the Society of Motor Manufacturers and Traders, said: "This is a very favourable Budget and we welcome the fact that the Chancellor has recognised the importance of the sector and the need to give it a positive boost."

"We believe this will lead to an extra 70,000 new cars being sold and we are also gratified that the chancellor has not increased company car taxes by more than inflation."

Separately last night Ford, the UK new car market leader, signalled the possible start of another car price war by announcing additional price cuts over and above those arising from the cut in special car tax.

Mr Ian McAllister, chairman of Ford of Britain, said that "radical action" on the part of manufacturers and dealers was needed to encourage consumer confidence.

"The measures which the Chancellor has proposed are welcome, but we decided that further action was needed by us to stimulate the new car market in Britain."

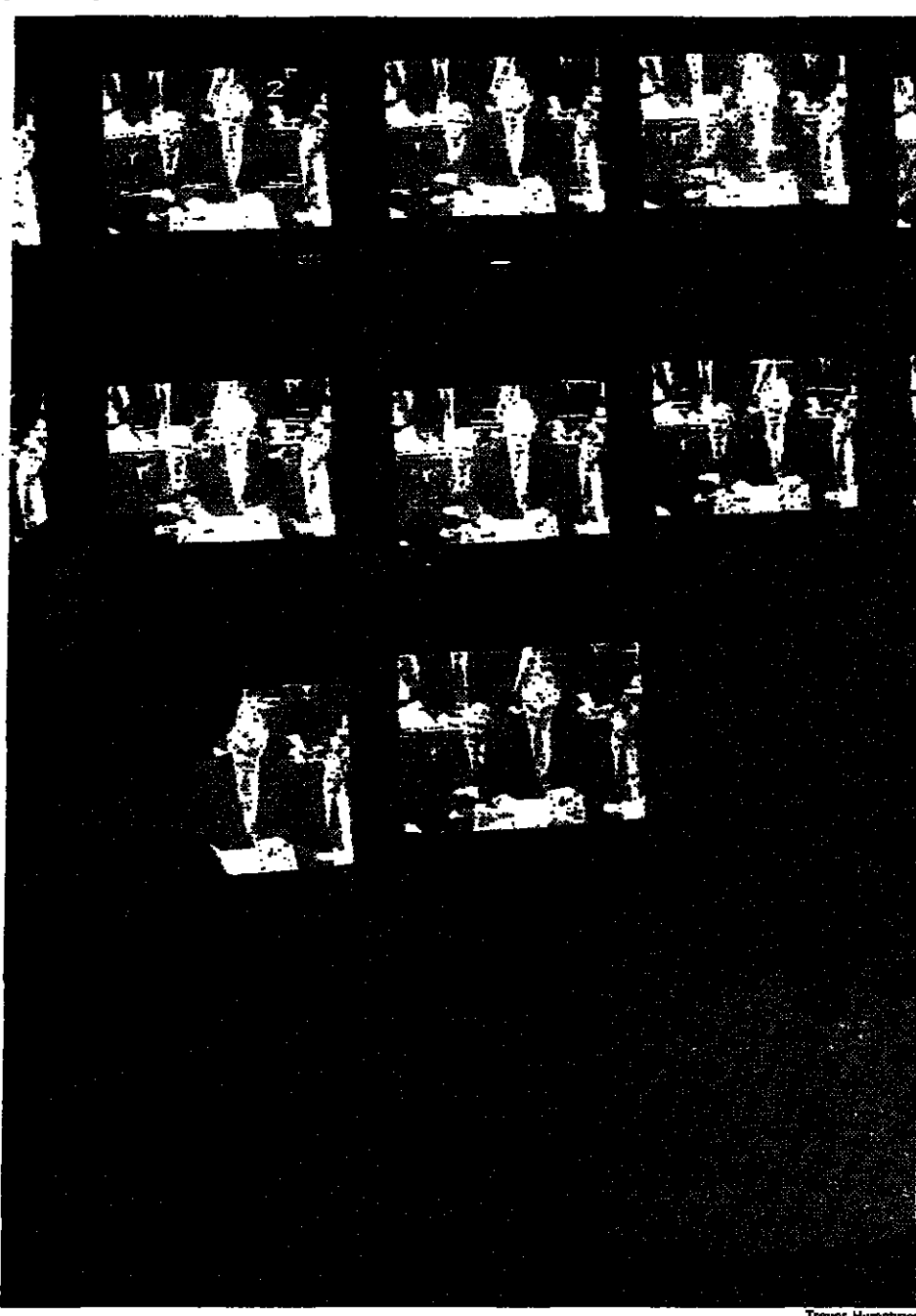
UK new car sales last month were 12 per cent lower than in the same month a year ago and have plunged by 42.4 per cent in the last three years.

Ford, which accumulated record losses last year and has suffered a steady erosion of its market share, said it was cutting the price of about 30 per cent of its range.

The list price of the Ford Fiesta base model will be cut by 10.5 per cent, the dealer margin is being cut from 15 to 10 per cent, while the price of several other Fiesta and Escort models will be cut by around 3.5 to 4.0 per cent.

The Fiesta 1.1, for example, will be reduced by £750 which, taking into account the Budget changes, will mean it will cost about £5,230 - £1,020 less than at present.

Mr William Ebbert, chairman of Vauxhall, the UK subsidiary of General Motors, said last night that the measures announced in the Budget could add 20,000 new car sales in the UK this year. The company said it had raised its forecast



Multiple image: the chancellor gets prime time viewing across the UK with live coverage of the annual Budget statement from the chamber of the House of Commons

for UK new car sales this year to 1.73m from the pre-Budget level of 1.67m.

New car sales fell last year by 21.7 per cent to 1.55m from 2.01m in 1990 and a record 2.3m in 1988.

Last month new vehicle registrations fell to 16,307 from 17,214 in February 1991, according to figures released by the Society of Motor Manufacturers and Traders.

In addition to the halving of special car tax, which is effective from today, a series of other measures were warmly welcomed by car makers in the most positive Budget for the motor industry in years. These include:

- the raising of company car taxation scale charges only by the rate of inflation,

- the introduction of company car tax scales based on price rather than engine size "as soon as practicable".

The Inland Revenue will publish a consultative document in the summer on the details and timing of the changes.

- the capital allowances available for business cars are to be raised from £8,000 to £12,000 enabling full capital allowances to be given on most business cars.

- taxi, car hire firms and driving schools will be able to recover the VAT they pay on their cars.

The environmental lobby and public transport groups, however, reacted with astonishment yesterday to some of the changes in motoring taxation, saying they seemed

designed to encourage more use of the roads at the expense of public transport.

The main source of surprise was the government's decision to reverse its long-standing policy of shifting the tax burden from car ownership to use, in line with the "polluter pays" principle, by increasing to £110 vehicle excise duty - a tax on car ownership - which had been frozen at £100 since 1986.

- Britain's motoring organisations welcomed the Budget proposals. The Road Haulage Association said it was pleased there was no increase on vehicle excise duty for lorries.

And Mr Simon Dyer, director general of the AA, said: "It was nice to see a bit of Norman's wisdom after last year's anti-motorist Budget."

Doubts cast on interest rate cut as sterling loses value

By Terry Byland

THE LONDON financial markets accorded the Budget speech a somewhat cautious response which was reflected in a downturn in government bonds as early gains in sterling were trimmed sharply during the progress of Mr Lamont's speech in the House of Commons.

Sterling's reaction appeared to cast serious doubts over the prospects for the pre-election base rate cut on which the financial markets have been counting.

A government official said: "It would not be wise to hold out much hope of a cut in the next few days."

Several analysts pointed out that it could now prove very difficult to cut rates ahead of the announcement of the election date which is expected before the end of the week.

In addition, market strategists expressed doubts on the political impact of the budget which had been widely regarded as a curtain raiser to the Conservative government's campaign for re-election.

"This is not a budget for voters," commented Mr Ian Harne at Strassers Turnbull.

The stock market held on to gains which had been largely achieved early in the session and the FT-SE Index closed 24.1 points up at 2,574.8. But traders sounded increasingly nervous after equity trading closed, and a fall in the March future contract on the FT-SE Index appeared to be signalling a weak opening today.

The currency markets were generally unimpressed by the Budget, and saw it doing little to strengthen sterling in the short term.

Sterling immediately fell around 1/2 pence to wipe out most of its earlier gains. Dealers said this was because of the lack of a firm commitment to move the currency into the narrow band of the ERM, and Mr Lamont's forecast of a £28bn PSBR - towards the upper end of expectations.

"The Budget was not a clear-cut vote winner and in the meantime it merely prolongs the uncertainty in the markets," said Mr Nick Parsons, treasury adviser at Canadian Imperial Bank of Commerce.

"The commitment to the narrow ERM band was vague, and the chancellor also seemed to be backtracking slightly on his commitment to a single European currency, and this was not welcomed by the market."

Mr Michael Peeny, senior dealer at Summit Bank, said however that while the Budget was "not tremendously dramatic", it could add a few per cent to Conservative support in the opinion polls.

World Stock Markets Back Page, Section II

Business gains from £1bn switch in funds

By Michael Cassell, Business Correspondent

A £1bn switch of resources over two years to help ease the burden of the much-criticised uniform business rate (UBR) formed a central part of the chancellor's attempt to revive British business and rekindle political support among traditional sympathisers.

In what the Confederation of British Industry, the employers' organisation, described as a "prudent and positive" budget, Mr Lamont directed much of his help towards the small companies struggling for survival in the longest post-war recession.

Within the small business community, there was a welcome for changes to the UBR and for plans to take them from companies out of the reach of inheritance tax.

But companies which fall to pay debts on time in order to help their own cash flow, found themselves under attack.

Companies will be made to publish annually their record on prompt payments.

Industry welcomed the decision that no business properties will face an increase in the UBR, above the 4.1 per cent increase due next month, although there was disappointment that the Chancellor had rejected calls for a total freeze.

Under transitional arrangements intended to phase in big UBR increases for smaller businesses, bills could rise by up to 20 per cent annually above the rate of inflation. In 1993, the 500,000 business properties affected will face only the 4.1 per cent rise.

DRT International

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In touch with business

Kinnock attacks Tory inaction over recession

By Ivor Owen, Parliamentary Correspondent

MR NEIL KINNOCK, the leader of the opposition Labour Party, attacked Conservative financial spokesmen as "holier men" who preferred a "brilliant whimper" to a "recovery bang".

He called on the chancellor of the exchequer to explain why, if he believed that borrowing for tax cuts was an effective means of remedying the recession, he had not followed such a policy last year.

Mr Kinnock argued that similar action had not been taken when the recession was 3 months instead of 31 months old because an election had not been "just weeks away".

A year ago, he said, there would have been 50,000 more companies in the UK to benefit from the chancellor of the exchequer's proposals, 100,000



Kinnock: on attack

families would not have had their homes repossessed, and 800,000 people had not then lost their jobs.

But Mr Kinnock was jeered by Tory MPs when he would not say explicitly in his speech in reply to the Budget statement whether his party would oppose the introduction of a 20p rate of tax for the first £2,000 of taxable income. He said Labour would produce its alternative budget next week.

Amid cheers from his supporters, Mr Kinnock insisted that the country would see that Labour had a "much better offer". The great majority of the British people wanted jobs, decent public services, an improved health service, and "not the bribes the government is offering".

As Conservative MPs proclaimed that the new reduced rate band would prove to be a key element in an election winning budget, Mr David Mello,

chief secretary to the Treasury, challenged Mr Kinnock to make his stance clear.

Mr Kinnock urged him to await the publication of Labour's alternative proposals. When Conservatives continue to demand an answer, the Labour leader retorted that there had been "months of teases" about the chancellor's proposals and urged them to accept "in the name of reasonability" that Labour should have another six days to produce its alternative budget.

Angry Labour backbenchers attacked Mr Mello's intervention as a departure from normal Budget day practice. Mr Kinnock emphasised that he had not been interrupted on any previous occasion when making the traditional response by the leader of the

opposition to the chancellor's budget speech.

The Labour leader contrasted the government's reliance on a consumer-led recovery with his party's policies designed to promote an investment-led recovery. A Labour government would ensure that Britain had a well trained work force and a consistently successful economy.

Dr David Owen, the former centrist SDP (Social Democratic Party) leader, was upbeat about the Budget in his last speech to the Commons, but said much more relief would be provided by reducing interest rates.

THE BUDGET: News

Economists give their ratings



DAVID KERN - NATWEST BANK
Score: 7 out of 10
MR Lamont scores a good mark because he met some important political and economic requirements. His room for manoeuvre was much less than assumed because his tax receipts were much less because of the recession. He announced a very high PSBR in a manner which is prudent. He managed to administer stimulus to demand without unsettling the financial markets. Only mild criticism was that he did not announce more direct tax relief for the company sector.



ROGER BOOTLE - MIDLAND MONTAGU
Score: 6 out of 10
THE overwhelming influence on the Budget was the sharp deterioration in public finances which itself was due primarily to the continued recession. Given that he has only been able to give a small net tax reduction of £1.5bn, the chancellor has used his money imaginatively. The Budget is well balanced with significant help for small businesses and a reduction in tax for individuals. The new 20p band is very well judged from a political viewpoint. It will be difficult for Labour to respond.



KEVIN GARDINER - S.G. WARBURG SECURITIES
Score: 4 out of 10
THE chancellor was neither bold nor coherent. It was rather a mishmash. The score was low because of the "poor" state of public-sector accounts. The prospective borrowing situation is significantly worse than expected, and there is a very large government deficit emerging with a tax package smaller than expected. Expectations for economic recovery have been halved in scale and effectively postponed by a year. He should have been more upbeat in commitment to the ERM.



BILL MARTIN - UBS PHILLIPS & DREW
Score: 1 out of 10
THE budget will not act as a significant stimulus to the economy. The budget deficit is almost certainly out of control. The tax cuts are rather parsimonious. They were certainly less than the market had been expecting. Most people would expect the tax cuts to be short-lived. Mr Lamont would be lucky to see growth at half the rates he had forecast. Prospects for inflation remain good, but prospects for activity remain grim.



PETER SPENCER - SHEARSON LEHMAN
Score: 7 out of 10
IT was disappointing. Mr Lamont showed some clever card play, but his hand was worse than had been thought, and he failed to produce the election-winning trick everyone thought he had up his sleeve. I am afraid the cupboard is simply bare, and Mr Lamont is in the unenviable position of being placed in the role of Old Mother Hubbard. He had promised an economic recovery, 20 per cent tax rate, and entry into the narrow band of the ERM, but had done little towards fulfilling his promises.



GAVYN DAVIES - GOLDMAN SACHS
Score: 6 out of 10
IT falls between every conceivable stool. It does not put Labour on the spot and it does not transform the Conservatives' electoral position. It also does not seem likely to bring interest rates down, although the government could still be saved by Spain or Belgium cutting their rates in the next few days. He made a virtue of not kicking the economy, but I think that is just what is needed. The Treasury clearly thinks the recovery is already under way, but that judgment is highly questionable.

INDUSTRIAL REACTION

Construction sector's hopes dashed

By Our Industrial and Financial Staff

HARD-pressed manufacturing and construction companies yesterday expressed deep disappointment that there was no help for them, though the measures were welcomed by small businesses and car manufacturers.

Computer manufacturers and software suppliers complained that the Budget had done nothing to unlock capital spending by industry and commerce. Retailers, however, were pleased by moves to ease the burden of the uniform business rate.

Mr Joe Dwyer, chief executive of Wipac, a large contractor and Britain's second largest housebuilder, said: "The chancellor appears to have a higher regard for car dealers, bookmakers and film

producers than he does for a construction industry suffering from the worst recession for half a century."

Mr John Gardner, managing director of ICL (UK), the UK-based computer manufacturer 80 per cent owned by Fujitsu, said: "As the managing director of a large company it did little for me. There were no real measures to help break the capital expenditure block; nothing to encourage large companies to spend more money."

Glaxo, the UK's largest company by market capitalisation, said it would be hardly affected by the budget. Most of the company's sales were outside the UK; it therefore welcomed the prospect of changes to advance corporation tax for big over-

seas earners. Sir David Lees, chairman of GKN and financial policy group, described the budget as "prudent".

He said the main reforms, the tax cut, changes to the uniform rate and the halving of the tax on cars to 5 per cent, would only cost an estimated £1.5bn compared with the CBI's call for £7.7bn of spending. "It was a remarkably smart budget; the tax cuts were progressive rather than regressive."

Many engineering and manufacturing companies were bitter that there were no measures to stimulate investment. Industry leaders in particular were upset at Mr Lamont's failure to increase capital allowances, though there was some

praise for the reduction in special car tax. Mr Mike Bright, chairman of FMT Holdings, the Brighton-based machine tool-maker, queried the rationale for write-offs of film costs over three years on a straight line basis without considering similar concessions on special projects for manufacturing industry.

Sir Allen Shepherd, chairman of Grand Metropolitan, said the chancellor got the Budget "about right both politically and economically". He described the 5p reduction in income tax to 30p for the first £2,000 of taxable income as "politically clever".

Mr Denis Henderson, chairman of ICI, said the halving of car tax was helpful - the motor industry provides up to

7 per cent of chemical industry sales. Small businesses welcomed moves to prevent large customers delaying payments to their smaller suppliers and contractors, and the decision to remove most family-owned businesses from the inheritance tax net.

Mr Barry Baldwin, economic adviser to the Union of Independent Companies, said: "The greatest thing in this Budget is the encouragement to the owners of independent businesses that they can keep their companies intact."

Mr Neil Arnold, regional chief of the North Eastern Co-operative Society, said moves to restrain the impact of the uniform business rate would encourage further retail developments.

INLAND REVENUE

Loophole on rents to be closed

By Andrew Jack

THE Inland Revenue will gain an additional £230m in the 1992-93 tax year by closing a loophole which allows companies to defer tax payments on rents.

There was speculation in the City that large companies including Hanson, British Aerospace and Burton would incur substantial additional tax charges in the next two financial years as a result of the change.

The budget proposal would prevent the practice from today of permitting one company to claim tax relief on rent paid in arrears, while a connected company receiving this rental income pays tax on it in the year it is received.

Since the late 1970s it has become common for a company to transfer all the properties from its trading businesses into the control of a specially-created property investment company, according to Mr Derek Jenkins, a partner with Coopers & Lybrand Deloitte.

It then grants each trading company leases on their properties, with rents payable at the start of the new tax year. Until now the trading companies have been able to claim tax relief on the rents in one year, and pay corporation tax against the rental income the following year.

Most of the gains come in the first year of the creation of the property company.

STATEMENTS CHANGE

Chancellor signals start of unified bulletin

By David Marsh

MR Norman Lamont yesterday rose uniquely to the occasion of the Budget ceremony by announcing that, after next year, the ceremony will cease to exist.

The chancellor said that the time-honoured exercise of dealing with taxation and spending in two separate government statements will be replaced by a unified annual budget.

Sounding the death knell for well over a century of British economic tradition, Mr Lamont said the first overall fiscal statement combining tax and spending would come in December 1993. This would bring together in a single form the decisions at present dealt with separately in the March Budget and a November Autumn Statement.

Rather like the switch to decimal coinage in 1971, the move ends an enduringly arcane British custom and brings the UK into line with most industrialised and developing countries. Since Mr John Smith, the shadow chancellor, has also promised to end the separation of tax and expenditure decisions, yesterday's announcement appears final.

Although, after 1993, Budget Day may never be the same, the Treasury yesterday brushed aside any idea that the whole procedure would be scrapped. The wooden Budget

box bearing Queen Victoria's monogram in gold letters - which dates from Gladstone's day - looks likely to remain an essential accompaniment.

"A lot of the trappings will be the same. Whoever he is, the chancellor will want to have his big day," the Treasury said. "The decision, which has been under active discussion within the Treasury for more than a year, is intended to improve policy presentation and improve decision-making."

The present system was first set down by Sir Robert Walpole in the 18th century, and refined by William Gladstone in 1860. Mr Lamont said it was not only "illogical" but also had "undesirable consequences". Separation of tax proposals from expenditure proposals had contributed to Britain's "excessively complex tax system".

Momentum towards ending the practice has been building up since it was criticised in the early 1980s by the Armstrong committee on budgetary reform and by the Treasury and the Civil Service Committee.

The move was given a warm welcome yesterday in the City. Bringing together the two halves of fiscal policy was termed "eminently sensible" by Mr Nigel Richardson, an economist at merchant bankers S.G. Warburg.

NORTHERN RESPONSE

CBI man denounces 'bad economic judgment'

By Ian Hamilton Fazey and Chris Tighe

NORTHERN business leaders last night forecast substantial reductions in costs, better cashflow and an easing of administrative burdens in the wake of the Budget.

But 200 industrialists and finance specialists who listened to the Budget speech at Wynyard Hall near Middlesbrough looked dazed as Mr Lamont announced the rise in public sector borrowing requirement to £28bn. "This is called going for broke," whispered Sir Ian Wigglesworth, northern region CBI vice-chairman. "It's bad political and bad economic judgment."

There was a wide welcome for the speeding of the transitional arrangements for the uniform business rate (UBR) in the north and Midlands. Sir Ian said news that the deferred reliefs are now to be activated would be welcomed by many northern companies.

North-west business expects the overall gain from UBR changes eventually to be worth £310m over the 1990-94 period. Sheffield manufacturers expect a 40 per cent fall in business rates over the next two years.

Mr John Hambridge, director of Sheffield Chamber of Commerce and Industry said:

"There appears to be a much greater incentive and ability to both listen and hear in an election year."

At Wynyard Hall, the chancellor's strictures on late payment of bills by big business produced nods of agreement from the audience.

But Mr Karl Watkin, chairman and managing director of Crabtree, a printing equipment manufacturer based in Gateshead, said: "There isn't anything in there for business."

He added: "I would have preferred them to give a commitment to the future of manufacturing in the UK. I don't think the gov-

ernment is in the real world."

Mr Michael Grey, finance director of Hugh Mackay, the Durham-based carpetmaker, deplored the Budget's lack of encouragement for capital expenditure by industry.

Any money in people's pockets would help boost demand, but he detected a lack of substance in the budget. "It was a lot of playing around, but it was very professionally put over," he commented.

Mr Keith Robinson, director of Liverpool Chamber of Commerce, particularly welcomed help for the car industry. Like Mr Hambridge, he wanted car

tax abolished. "But half a loaf is better than none at all, and we'll settle for 5 per cent for now," he added.

In Leeds, Mr Peter Coles-Johnson, an economist who is secretary of the combined Yorkshire and Humberside chambers, said there would be widespread relief that Mr Lamont had not gone for "a fiscal binge". But he warned that ending the recession quickly depended on interest rate cuts.

All the organisations said the introduction of one Budget statement on tax and spending a year would ease uncertainty in business planning.

ALCOHOL

Duty increases provoke anger

By Philip Rawston

INCREASES in duty on spirits, wine and beer provoked disappointment and anger in the drinks industry.

The increases - adding 28p to the retail price of a bottle of wine and more than 1p to a pint of beer - would do nothing to reverse declining sales at home, said industry leaders.

The chancellor's move also widens the tax gap between the UK and other EC member states instead of moving towards a harmonisation of rates in preparation for the advent of the single market next year.

Mr David Jenkins, chairman of the Wines and Spirits Association, said: "There is not even a gesture towards har-

monisation. The much lower taxes on spirits and wine in France will encourage more people to hop on a ferry to buy their drinks across the Channel."

"From January next year they will be allowed to bring back nine cases of wine and a case of spirits. Even if the customs manage to prevent bootlegging, it is going to have a damaging effect on the trade in the UK."

One driver could bring back a year's average supply of wine and spirits for four people, he estimated.

UK excise on spirits was nearly five times that in Spain and Portugal, two and half times that in France and more than double that in Germany and the Netherlands.

Denmark, in contrast to the UK, had started to reduce its tax rates to bring them closer to the level of most other EC countries.

Mr Anthony Tennant, chairman of Guinness, said he was "shocked" by the budget increases on spirits duty. "It was very curious of the chancellor to say that he sought to end distortions in the tax system and then add one more by hitting spirits. This will send all the wrong signals to Europe by risking a discriminatory tax on spirits."

Mr Lamont told the Commons that he would not accept any EC proposals for tax harmonisation that allowed some states to levy no duty on wine but high duties on spirits.

BES

Ending of scheme may axe funds

By John Authors

FINANCIERS involved in the Business Expansion Scheme believe its abolition of the scheme at the end of 1993 will lead to a big upsurge in demand in the meantime.

Many leading figures in the industry were delighted that the scheme had been extended for two more tax years, but some said its abolition would cut off a source of funds for small companies.

Mr Tim Villiers, chief executive of the BES Association, condemned the move as "throwing out the baby with the bathwater".

He added: "I think it's astonishing to cut out private investors completely in an area where corporate investors have been so reluctant to come forward. The venture capital industry does not meet the needs of the companies the BES has cared for."

But Mr Charles Fry, chairman of Johnson Fry, which leads the market in raising BES funds, was delighted by the news, which he said made the position clear for all parties. "I welcome what the Chancellor's done. It makes a lot of sense, and we look forward to the next 18 months and raising a lot more money."

He predicted a "double whammy" sales "bonanza" for next year, caused by a rush to take advantage of tax incentives both at the end of the 1992-93 tax year, and at the end of December 1993.

The BES gives tax relief on investments of up to £40,000 per year, at the top marginal rate of tax, provided they are held for five years.

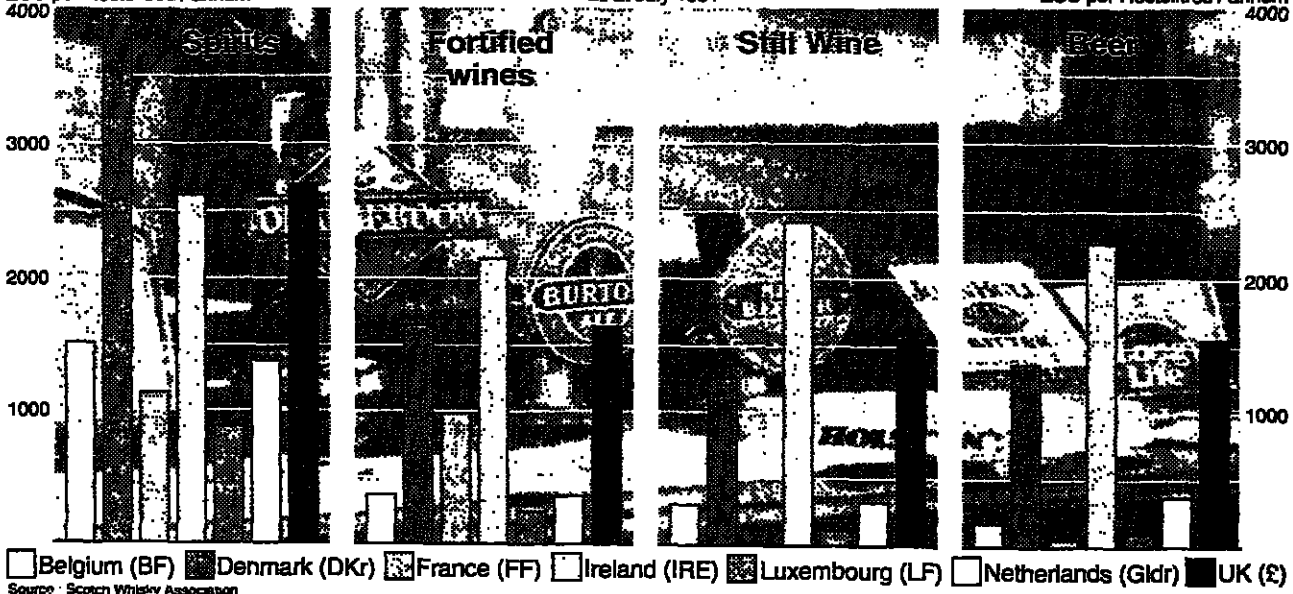
Labour's plans for a regional "growing business scheme" however, could still offer the BES industry a lifeline.

Member states' excise rates

ECU per Hectolitre / annum

as at July 1991

ECU per Hectolitre / annum



TREASURY FORECASTS

Big boost in government investment will help hesitant upturn

By Peter Marsh, Economics Staff

A HESITANT economic upturn in the final half of this year, helped by a large boost in government investment, was predicted by the Treasury in forecasts released with the Budget.

The predictions indicate much higher than expected government borrowing over the next two years, partly resulting from limited growth in tax income caused by the recession and higher state spending in such areas as social security benefits.

One factor behind the forecasts is a sharply more pessimistic outlook for the world economy than that contained in the Treasury's predictions in November's Autumn Statement.

Nonetheless, the Treasury insisted that the main ingredients for recovery from the 18-month recession were in place.

These are "lower interest rates, falling inflation and the fiscal stabilisers (the effects of increased government spending boosting the economy)".

According to Mr Norman Lamont UK gross domestic product will increase by 1 per cent this year, a figure at the low end of predictions by private-sector economists. It contrasts with the Treasury's more bullish projection for next year of 2.25 per cent, made in November.

Consumer spending, which accounts for about two thirds of GDP, is expected to rise by a weak 1 per cent, while growth in manufacturing will be just 0.5 per cent, after a drop of more than 5 per cent in 1991.

The economy is expected to benefit from a sharp rise in government investment, likely to increase by 10.75 per cent

next year, after a 9.25 per cent fall last year.

According to the Treasury, government investment this year is likely to be 24 per cent higher than in 1988 and 50 per cent up on 1979. But business investment is predicted to fall by 2.75 per cent this year, after a 11.75 per cent drop last year.

The Treasury said the public sector borrowing requirement (PSBR) would be £28bn in the fiscal year beginning on April 1, after £13.75bn in 1991-92. In 1992-93, it is likely to rise still more to £28bn, or 4.75 per cent of gross domestic product and to fall to £25bn in 1994-95.

Between 1991-92 and 1992-93, general government income, including income tax and corporation tax is predicted to rise by just £8bn, from £22bn to £30bn. Over the same period

government spending is likely to climb £23bn from £28bn to £51bn.

The Treasury said that growth in the seven biggest industrialised economies - the

US, Japan, Germany, France, Britain, Italy and Canada - would be just 1.5 per cent this year, with world trade rising by 3.75 per cent. The Autumn Statement put these figures at 2.5 per cent and 6 per cent respectively.

On the expected recovery in the UK, the Treasury said this will be held back by a weak housing market, high levels of

consumer debt, and only a slight reduction in savings as a percentage of disposable income. This expected to fall by just 0.5 of a percentage point over the next 12 months, from 10 per cent to 9.5 per cent.

The Treasury says GDP in the first half of this year will show virtually no increase on the same period last year, but in the second half the economy will have expanded by 2 per cent compared with last time. It foresees 3 per cent growth between the first halves of this year and next.

Many economists will take the projections with a pinch of salt. The message that the recovery is coming, but has been delayed, is very similar to the tone of the Treasury's Autumn Statement and Budget 1991 forecasts, both of which turned out to be inaccurate.

THE UK ECONOMY: HOW THE FORECASTS COMPARE

	1991	1992	1993	1994	1995
	Budget	Statement	Consensus	Budget	Consensus
Gross domestic product	-2.5	2.25	1.1	1	2.4
Consumer spending	-1.75	2.5	1	1	2.4
Government consumption	2.25	1.75	2.1	1	1.7
Fixed investment	-10.25	1.25	-1.4	-0.5	4.5
Exports (goods & services)	0.75	6	3.4	3.5	4.5
Imports (goods & services)	-3	7.5	4	4	4.5
Manufacturing output	-5.25	3.25	1.1	0.5	3.75
Current account deficit (£bn)	4.25	4	3.75	3.25	3.8
Inflation (RPI, 4th quarter)	4.25	4	3.75	3.25	3.8
Public sector borrowing requirement (£bn, fiscal year)	13.75	c.19	25	28	24.6

Notes: All figures are percentage changes on previous year, unless otherwise stated. Figures for private-sector consensus (unless marked with * or %) relate to means of non-government economists' forecasts, compiled by Consensus Forecasts, March 1992. * Indicates figures taken from Treasury compilation, February 1992. % Forecast by Ernst & Young from Club 1 at an annual rate for 1st half.

THE BUDGET: News

Tea but little sympathy for Lamont

Paul Cheeseright hears the views of a group of professional women

THE first titter came even before the tea was poured. The chancellor's promise of "a Budget for recovery" set it off. The first laugh came when he laid the ground for raising the government's borrowing.

Incredulity came with the second cup. That was when Mr Lamont began to talk of investment in infrastructure. But the only surprise was his method of providing an income tax break.

Seven professional women met in Birmingham to listen to the chancellor. Seven professional women left for home distinctly unimpressed. The cake from the baker tasted better than the offering from London.

They felt there was little to enhance the immediate possibility of economic recovery. They were more ambivalent about whether Mr Lamont had produced a vote winner, although they could see him casting seed on the electoral waters.

"It'll be attractive to the marginal voters, it will win them the election," stated Jo James, consultant anaesthetist at East Birmingham Hospital. Linda Comfort, director of Allied Provincial Securities, asserted the opposite.

Madeline Simms, who runs her own urban regeneration consultancy, said: "I'm not certain people will be voting with their pockets. They're thinking wider."

"It's not pushed the Conservatives one way or the other," said Sandra Nutley, lecturer in public sector management at Aston Business School. Catriona McFadden, public relations manager at Birmingham's Hyatt Regency hotel concluded that people would "just say 'well, eh?'".

"It will be an easily attackable Budget," predicted Jane Skinner, chief executive of Birmingham Settlement, a long-established city charity.

If Norman Lamont is to be on the end of an offensive from Labour and the Liberal Democrats, suggested Anne Avian, manager of the Sandwell Chamber of Commerce, it will be because "it's terribly depressing".

None of the women disagreed because, in the West Midlands, the crucially dependent motor industry is suffering, there are few signs of any end to urban poverty and the Black Country, nearly half those in work are on wages designated as low pay by the Low Pay Unit.

Ms Skinner noted that the income tax relief "would be noticeable in a small pay packet" but Ms Simms believed "it's daft to give it to everybody - we (that is the relatively well-paid) wouldn't notice".

The fact that there was nothing in the Budget to assist with child care or help those caring for the elderly was worrying -



Women's views: (from left) Anne Avian, Linda Comfort, Madeleine Simms, Jo James, Catriona McFadden and Sandra Nutley in Birmingham yesterday

as was the absence of measures to encourage training.

"It's a traditional Budget, if you're earning well, there's something in it for you," said Ms Skinner. Ms Simms added: "But there's no help to women coming back into the labour force, while Ms Comfort observed: 'A lot of women will be put off having children this year.'"

"I personally didn't want to be made any better off," said Ms Nutley, expressing what was a general lack of interest in the moves about inheritance tax. Rather the women would

have preferred the chancellor to have spent his ingenuity on looking at help for industry and urban social and economic problems.

Certainly, said Ms Avian, he had not gone far enough in reducing car tax to 5 per cent. "It is hardly here or there. The West Midlands car industry will lose 40,000 people this year," she added.

Local authorities, of course, have been wrestling with the problems of unpaid poll tax from the inner city areas. Now, with the changes in the uniform business rate Ms Nutley predicted they will have further cashflow headaches. "Mr

Lamont said he would top up the business rate pool, but I'm suspicious - what are the implications for the long term?" she asked, hinting at a further erosion of local authority powers.

Against the background of rising unemployment and homelessness, the women felt the chancellor should have done more to stem the tide of repossessions. And he should have allowed local authorities greater freedom to use their capital receipts from council house sales. And they wondered about the sharp rise in

the public sector borrowing requirement. Where was it going, they asked, and responded with their own answer - to fund a higher level of unemployment.

They could find some good in the smaller elements of the Budget - the administrative changes on VAT, for example. But the only thing they really agreed on was that it made sense to bring the government's spending and income statements together in December 1993. It was scant praise for a putative election-winning Budget.

The fall-off in share ownership has not been caused by a decline in privatisation holdings. According to the survey, conducted by NOP, 14 per cent of adults in Britain own privatisation shares, the same proportion as last year. Similarly, the proportion of adults owning shares in the companies where they work has also remained stable, at 4 per cent.

At the same time, there is little evidence in the survey that shareholders are broadening their investment portfolios. The proportion of investors owning shares in only one company has fallen by just one percentage point to 53 per cent, while those with two shareholdings has also fallen by one point, to 19 per cent.

On the other hand, those with four shareholdings or more has risen slightly.

PRIVATISATIONS
Number of share owners falls 1.2m

By Richard Waters

THE NUMBER of personal shareholders in the UK has fallen by 1.2m in the past year, the first decline since the boom in share ownership created by the privatisations of the 1980s.

Around 9.8m people currently own shares, down from 11m this time last year, according to the Treasury's annual survey of share ownership, conducted with ProShare, the wider share ownership group.

The decline has come about in spite of the privatisations in the last 12 months of the electricity generating companies and Scottish electricity companies, and the sale of a substantial stake in BT. It means the proportion of adults in the UK owning shares has fallen from 25 per cent last year to 22 per cent this year.

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LABOUR

Smith sees his wardrobe stolen

By Ivo Dawney, Political Correspondent

FOR MORE than a few moments there was a distinct impression of a thief from the Labour Party. It had always expected the Budget to be a 'clothes' stealing exercise, but few calculated that Mr Norman Lamont had his eye on most of the wardrobe.

What is more, Mr Neil Kinnock's response to the speech appeared to be the script prepared for the widely expected lip cut in the 25p basic income tax rate.

His repeated attacks on "borrowing for tax cuts" appeared to pre-empt any inclination Mr John Smith, his shadow chancellor, might have had to swallow hard and accept the proposed new 20p tax band.

Some suspected that Mr Smith's furrowed brow suggested he would have preferred a little more time to consider. Yet within the hour it was clear Labour would reject the reduced rate tax band.

Once the "line" was established, it was distributed freely and vigorously around the lobbies and corridors. "It is an incredibly defensive budget - designed to stuff Labour and not to sell themselves to the electorate. A big error," was one party official's verdict.

Another underlined that the Tories had priced votes at "a miserable £2 a week."

Yet privately some Labour MPs conceded that the package had "audited the waters." One frontbencher described it as "an incompetent bribe." But it was a bribe nonetheless.

From his very first sentences, Mr Lamont made clear that he would be borrowing liberally from Labour's programme. The merger of the annual autumn statement on public expenditure with the Budget was just the beginning. The concept of the "budget for recovery", the increases on

pensions (though only for those on income support) and the scrapping of the Business Expansion Scheme had distinct echoes of Mr Smith's carefully worded pre-budget utterances.

As Labour's economic backroom boys work over the figures for their alternative budget - due next Tuesday - the short-term task was to expose the Tory "bribe" disguise it and prepare a glittering shop window of public spending pledges in a package wrapped in the language of prudence.

In headline terms, however, the options are limited. Labour's figures say its revenue-raising measures - higher top tax rates and an end to the ceiling on National Insurance contributions - will bring it £3.85bn.

These broadly cover its plans to raise Child Benefit and lift pensions by 25 for a single person and 28 for a couple and to fund the bulk of a £1.1bn recovery programme including measures for training, employment creation and tax breaks for industrial investment.

But some optimistic hopes of a very large windfall for public expenditure have had to be tempered. The new tax band is costed at £1.8bn in the 1992-3 tax year. Labour must now maximise the use of that limited money to better its electoral hopes by carefully targeted new spending.

Mr Smith's team have always been careful not to rule out the possibility that some of this sum may be needed to adjust its tax raising plans. As the midnight oil burns in the shadow chancellor's office, his team will not forget the opinion poll countdown that shows voters' opting for public spending above tax cuts - but then adding that, on reflection, they would rather like the money.

LIB DEMS

Tax move seen as 'gimmick'

By Ralph Atkins

THE Liberal Democrats last night dismissed the new 20p income tax rate as a "gimmick". But early indications were that its MPs would not oppose many of the Budget proposals - increasing the likelihood of their implementation if the general election leads to a hung parliament.

Mr Alan Beith, the party's Treasury spokesman, said the 20p tax rate was a "cheap electoral trick" which could have been better targeted. Rather than voting against the proposal, the party may enter the election pledged to raise the 25p basic rate to 26p to fund the extra £3bn of education spending it committed to.

On other measures, the Liberal Democrats have proposed a freeze in the Uniform Business Rate - although they would cut the level in real terms, instead of limiting rises to the rate of inflation as announced yesterday.

The party has also campaigned for extra help for small businesses seeking to recover debts from large companies. It backs reforming the Budget process.

If Liberal Democrats held the balance of power after the election, an independent central bank and a move to the narrow bands of the Exchange Rate Mechanism would be set as priorities for an anti-inflation strategy. Privately some Liberal Democrats believe the Conservatives would be receptive to such moves.

Labour, though, would agree more with the large-scale investment package the Liberal Democrats propose. However, the extra £3bn to the Public Sector Borrowing Requirement suggested by Mr Beith last week may be revised downwards because of the larger than expected government PSBR forecast yesterday.

GILTS

PSBR depresses market

By Sara Webb

"THE GILT market got the worst of both worlds from the Budget - a higher public sector borrowing requirement which it did not want, without the necessary tax cuts to win the general election," said Mr Chris Dillow, economist at Nomura International.

The UK gilt-edged securities market plummeted yesterday afternoon as it digested news of the government's heavy borrowing requirement. Mr Norman Lamont, the chancellor, forecast a public sector borrowing requirement of £28bn for 1992-93, whereas most City economists have been predicting a PSBR of between £22bn to £25bn.

Mr John Kendall, economist at Baring Sterling Bonds, said: "You are talking about gross gilt issuance of about £35bn in

the next year once gilt redemptions are taken into consideration." This means that the Bank of England will have to sell an average of nearly £3bn of gilts a month, compared with an average of £1.5bn a month over the past year.

Mr Kendall believes that the market should have no problem digesting gilt issues of about £3bn a month once the current political uncertainty is over. He added that the inflation forecasts - of below 4 per cent by the end of 1992 for the RPI and of 3.5 per cent by the middle of next year - are positive for the UK government bond market.

The Bank announced yesterday that it would continue to use its entire range of issuing techniques in order to sell gilts. It has raised the size of

its gilt auctions to between £2bn-£3bn (from £1bn-£2bn) and said it may hold even bigger auctions "if market conditions warrant" to sell government bonds. The Bank said that the auction programme is likely to account for "rather more than half of the total gilt funding requirement".

Economists and traders said the gilt market's reaction to the PSBR forecasts probably would not have been so negative if the chancellor had announced more attractive tax cuts to boost the government's chances of winning the election.

Mr John Shepperd, director of sterling bond research at S.G. Warburg Securities, said: "The gilt market got the costs without the benefit of any political kickbacks."

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THE BUDGET: Comment

FINANCIAL TIMES

Limits of the new consensus

Mr Lamont has presented a Budget that reflects the new policy consensus, but possesses a number of clever touches. He has, in the end, bribed the electorate much less than some hoped and others feared. But the main reason for his frugality, the UK's rapidly deteriorating fiscal position, should give all observers pause.

The chancellor has played the ERM game by the book, the result being a deeper recession than foreseen and a worse fiscal position than the pessimists feared. All now depends on the reward for this disinflationary virtue. Without the recovery now forecast by the Treasury, the UK is heading for a serious fiscal crisis. But, alas for Mr Lamont, even if that recovery arrives, its benefits may accrue to the opposition.

As recently as November's Autumn Statement, the Treasury forecast growth of non-oil gross domestic product at minus 2% per cent in 1991, followed by plus 2% per cent in 1992. These figures have now been reduced to minus 2% per cent and plus 1% per cent, respectively. Thereafter, things are supposed to get better, with growth at 3 per cent in the year to the first half of 1993 and 3% per cent thereafter. But this is not the first time the Treasury has claimed that things would soon improve.

The recession has had one great benefit. Infla-

tion has fallen sharply and will continue to do so. By the end of this year retail price inflation is expected to be down to 3% per cent. By 1996-97, the Treasury foresees the broadest measure of inflation running at German levels of 2 per cent a year. Along with real GDP growth of 3% per cent per annum, this would seem to be the British equivalent of economic nirvana.

Unfortunately, old British problems are likely to experience several reincarnations before then. With the public sector borrowing requirement expected to be £13.8bn this year (up from the £10.4bn forecast in November), the fiscal position is sliding alarmingly.

Next year's PSBR of £28.1bn - after the proposed net tax reductions of only £1.49bn - is worse than the city consensus. With privatisation receipts put to one side, the PSBR is forecast to be just under 6 per cent of GDP in 1992-93.

In 1993-94 it will be just as bad, with the improvements now forecast for subsequent years depending on a sustained period of above trend economic growth. Even so, the Treasury is no longer forecasting a return to a zero PSBR within the forecasting horizon.

Should growth prove to be as constrained by ERM membership as some fear, tax increases are inevitable. That possibility depends on the British consumer, on the one hand, and the German wage bargainer, on the other. The chancellor insisted that recovery is dependent on the behaviour of the private sector. He is right. But the most important private sector is the German and the institution that will channel its response is the Bundesbank.

Given the fiscal picture, Mr Lamont could do little but be cautious. Even so, he may not be able to let the interest rate cut he would like

But he has at least devised changes in the fiscal structure that the Labour party cannot attack with ease.

Car tax is an anomaly. The chancellor was right to halve it, though still greater increases in excise duty on petrol would have been an appropriate green offset. The chancellor's determination to raise excise duties by at least the rate of inflation - and more for leaded petrol and tobacco - is also commendable. The Business Expansion Scheme was little more than a subsidised property play, its day was past. And the decision to remove the bias in favour of direct share ownership in PEPs was overdue.

Business hoped for help, which the chancellor decided to give in the form of further transitional relief on the Uniform Business Rate. Meanwhile, Advance Corporation Tax remains unmodified, its payers unmollified. But Mr Lam-

ont was right to eliminate the male chauvinism of the married couple's allowance and wise to avoid the politically correct error of introducing a generalised relief for child care.

The centre piece of the Budget, however, is the cunning partial stealing of Labour's political clothes. The new 20p lower rate of income tax is what the Labour party has said it wants, even though it is far from the best way to help the poor. Should the Labour party remain committed to reversing the reduction, it will be damaged by its own supporters. Mr Lamont presents the new lower rate as an earnest of his intention to move to a new basic rate of 20p, a point on which Labour will disagree. It is here, over the choice between the chancellor's carefully targeted tax cut and the Labour party's proposed expenditure and tax increases, that the electoral battle will focus.

This is the Budget of a chancellor constrained by the disinflationary consensus. Mr Lamont has given the opposition few clear points of attack and on the economy the Labour party offers essentially the same policy. But if the budget reflects the new consensus, its economic fruit looks likely to remain untasted for some time, whoever may be in power. This Budget does nothing to change that dismal fact.

Samuel Brittan

Modestly in the wrong direction



When I hear Norman Lamont's very close supporters streaming out of the galleries, saying what a politically clever Budget it was, my natural suspicions are aroused. When I hear a more Thatcherite ex-minister saying it was not too big a give-away, I feel to have another look at the arithmetic. And when I hear a former director of the Institute for Fiscal Studies, now the chancellor's personal adviser, admit that the new £2,000 20 per cent band of income tax is just the proposal that the IPS had always denounced when it came from the Labour Party as an ineffective way of helping the poor, compared with increasing the thresholds, I suspect it is not my sort of Budget.

One of Sir Geoffrey Howe's early acts as chancellor was to get rid of Labour's lower rate band. "Only modestly in the wrong direction" is the norm for democratic politicians and is likely to be the shape of policy in the 1990s in most countries.

The political cleverness presumably lies in the challenge to Labour to repeal a measure very much in its own image. Promising to enact the whole Labour manifesto would have been cleverer still.

The Budget is much more likely to be remembered by the undertaking to replace the whole strange British Budget ritual by a proper Budget in December, announcing public expenditure and tax decisions together, the reform programme previously on the table that of the Armstrong Committee which reported in 1980 - had in mind a Green Budget in the autumn followed by the normal Budget in March. The danger was that the period in between would be open season for every pressure group to push for more spending or special interest tax concessions. That may have been eliminated by retaining a

single Budget day. The main drawback is that the chancellor would have to finalise his tax decisions more than three months before the beginning of the financial year. Finance ministers in other countries survive with a greater gap than that.

Now for the Budget numbers. The biggest shock horror figure is not the chancellor's reliefs which amount to "only" £2.6bn in a full year, less than half a per cent of GDP. What is that between friends? It is rather the total public sector borrowing requirement. Here again the figure to look at is not the headline £28bn for the coming financial year, but the £32bn (4% per cent of GDP) projected for 1993-94, when - if the Budget Red Book is to be believed - the economy will be two years into recovery.

The accompanying chart shows that the envisaged deficits are higher, even as a percentage of GDP, than they were in the Thatcher recession, even though the Budget Red Book chart expects the present recession to be shallower and shorter.

As far as it has gone, the deterioration in the public finances has not been disastrous. The Red Book shows the public sector debt ratio levelling off in the mid-1990s at just under 35 per cent, which would be well short of a debt trap in which the government had to borrow more and more simply to pay the interest on past deficits. But the reassurance does depend on public spending moving back to a modest path and real GDP going back to the trend of the 1980s.

The trouble is that the route to an Italian-type fiscal problem is not through one large doctrinal misjudgment, but through a series of modest lapses, guided by wishful thinking. What can happen is illustrated in a very honest table (2B.3)

in the Red Book, which shows a deterioration of £25bn in the PSBR for both 1993-94 and 1994-95, compared with the projections made as recently as one year ago. As more than half the deterioration is on the expenditure side, it is difficult to attribute it all to recession.

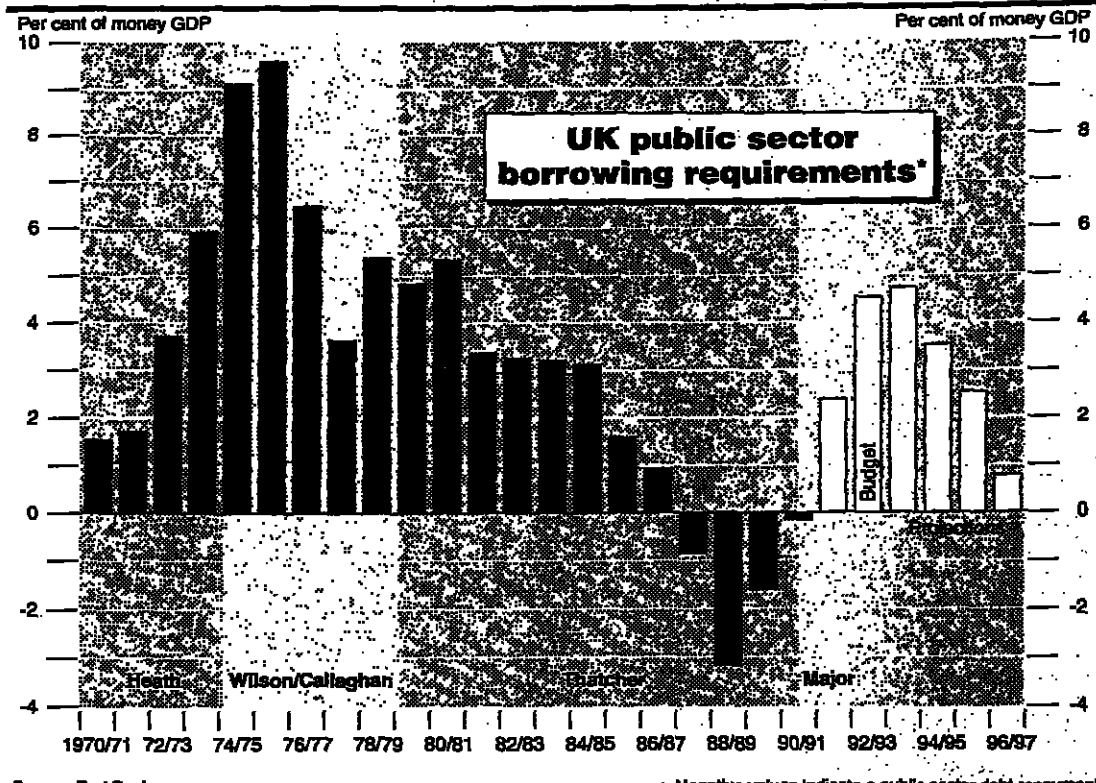
The Budget speech seemed to contain vestigial remnants of two alternative treatments which had been rejected. One was a throw-away reference to public sector investment of £30bn, the largest of the many possible definitions canvassed recently in the Treasury Bulletin. But if the Chancellor wants to unpack the expenditure side, he has also to unpack the revenue side and deal with capital receipts from privatisation, council house sales and even inheritance tax. We are a long way from a proper public sector capital account.

The other rejected alternative came much earlier in the speech when Mr Lamont emphasised how useful the Maastricht framework was, irrespective of whether the UK adopted a single currency or not. It seemed for a moment that he would switch to the Maastricht budget deficit limit of 3 per cent of GDP. But in the end he veered back to the established objective of "a balanced Budget over the economic cycle" - the achievement of which I would not stake my life's savings.

The fiscal risks are a European-wide phenomenon. The existence of a single currency, facing a "single" market and much diminished currency risk means that any one government will find that it can borrow quite a lot without pushing up rates of interest against itself. But the totality of European-wide borrowing could increase the burdens on the planned European Central Bank, raise European real interest rates, and make for instability against currencies such as the dollar and

Promising to enact the whole Labour manifesto would have been a cleverer move still

market and much diminished currency risk means that any one government will find that it can borrow quite a lot without pushing up rates of interest against itself. But the totality of European-wide borrowing could increase the burdens on the planned European Central Bank, raise European real interest rates, and make for instability against currencies such as the dollar and



Source: Red Book

Negative values indicate a public sector debt repayment

the yen. No wonder the Bundesbank wants to see the fiscal side tied up before it comes on side.

But if the fiscal prospect errs towards excessive borrowing, the monetary position risks being too tight. There is another very striking chart showing both broad money growth and bank and building society lending diving to a growth rate of little more than 5 per cent, compared with around 15 per cent in the mid-1980s. This is far from "deflation" but still worrying.

I take a middle view between the technical monetarists, who shout "woe, woe, woe" and mainstream forecasters, who carry on predicting recovery, which they simply project forward when it fails to occur. For despite all disappointments, the Treasury sees growth resuming at around 1 per cent in the first half of 1992, and gathering pace to reach 3 per cent in a year's time.

The monetary numbers are a warning that the official forecasters could go wrong yet again, not a sure-fire prediction. If consumer and business borrowers decide that they have reduced their debts enough, and there were a return of animal spirits, the economy would pick up and the monetary numbers

with it. One of Friedrich Hayek's seminal papers was entitled "The Pretence of Knowledge", and this is what both mainstream forecasters and their ferocious monetarist critics find difficult to avoid. The Red Book comes close to admitting it when its authors write: "The rise in the debt-income ratio in the late-1980s was unprecedented, and past relationships provide little guide to how far

consumers might now want to retrench." Why not then publish a report on what is happening with an analysis of risks instead of a conventional forecast?

What I always find most interesting about the Budget documents is not the crystal gazing, but the analysis of recent history. In chart after chart, the UK's remarkable success in reducing inflation to the German level emerges, coupled with the narrowing of the UK-German interest rate differential.

Another success sign is the unmistakable way in which the British share of world trade in man-

ufacturing, after decades of falling, has levelled off, or even slightly risen, in the last nine years or so. Meanwhile UK price and cost competitiveness, after a couple of years of deterioration, have now recovered to the mid-1980s level.

The ERM link was not logically the only way of bringing down UK inflation and keeping it there. But it is one that seems to be working. It would be foolish to cast it aside because of a fatalistic belief that German interest rates will never come down, and that the UK cannot recover without a unilateral slashing of rates.

It is surely better to hold on to, and lock in, the anti-inflationary gains, as Mrs Thatcher did not do in the mid-1980s, than to throw them away because of a horrified refusal to see western Europe as a single monetary zone, or to frighten oneself with projected balance of payments deficits just at a time when the Central Statistical Office has slashed the actual recorded deficit for last year by a quarter.

The Pretence of Knowledge marks both mainstream forecasters and their monetarist critics

Adieu to monetary policy

Monetary policy is primarily directed at the maintenance of sterling's parity within the exchange rate mechanism.

With 15 of these 16 unexciting words the chancellor yesterday confirmed officially what has been obvious for some time - that the government has largely abandoned monetary policy as a response to domestic conditions. UK interest rates are now set mainly in Europe, and that means Frankfurt.

It is true that the chancellor's 16th word, "primarily", offers a saving clause. So far as they are willing to support sterling from the reserves, the authorities can allow rates to ease to a point which runs mild risks with the exchange markets. Indeed, in recent weeks an average of about 100m a day has been spent to avoid following German rates up. That, however, is hardly what Mrs Thatcher would have called monetary sovereignty.

It is true, too, that "in common with all the major countries within the ERM", Mr Lamont did set a domestic monetary target; but it seems to have no practical meaning. Mr Nigel Lawson introduced the M3 target mainly because, unlike broader measures of money, it is quite a good short-term indicator, and tends not to misbehave. Indeed, no policy action has ever been taken to bring M3 under control or boost it.

Mr Lawson was, in fact, stealthily claiming a far hand in monetary policy. Mr Lamont is using the same device to disguise the fact that he has almost no freedom. Similarly, he said that he would "closely watch" the more traditional broad measures of money, and the trend of asset prices; but he did not indicate any action that he might take. The record suggests it is purely a spectator sport.

This busy tax reformer seems bored with monetary policy. It is as if he had overlooked it until some maverick watching his troops heading for oblivion: "Say something, sir - even if it's only goodby."

Anthony Harris

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THE INVESTMENT HOUSE

Industry receives a selective shot in the arm

Charles Leadbeater assesses whether the Budget will help raise British business from the depths of recession

BUDGET '92

of good news.

All these groups of businesses benefited from Mr Lamont's Budget. But for much of the rest of industry the direct impact was neutral. It will give them little help in emerging from the current recession.

It is unlikely that the budget measures designed to benefit all businesses, such as the cut in the uniform business rate, will deliver a significant early boost to capital investment. According to Mr Ron Garrick, chief executive of the Weir Group the Scottish engineering concern, the business rate cut would amount to only 0.25 per cent of his company's costs.

The Treasury forecasts that business investment will fall by 2.75 per cent this year after a fall of 11.75 per cent last year.

What really matters to business is the impact the budget has upon the political outlook. Most executives agree with the chancellor's assessment that most of the ingredients of recovery from recession are in place in the UK - principally lower inflation, healthier personal finances and lower interest rates.

The Treasury forecasts that in the next year, these improving economic indicators will be reflected in company finances. The corporate sector financial deficit, the gap between its savings and its investment, should close to less than 0.25 per cent of GDP this year and disappear altogether next year. The real rate of return

industrial companies receive should rise from a trough of about 6 per cent last year to reach 8 per cent next year.

But many industrialists believe the recovery which should bring this improvement in corporate finances is being held back by uncertainty among consumers over the timing and outcome of the election.

The budget should improve business confidence, if it paves the way for the election to be called and a Tory victory. Many businessmen were impressed by the cleverness of Mr Lamont's creation of a 20p income tax band for the first £2,000 of taxable income.

As one engineering group executive put it: "If we can get the election out of the way we can get on with doing some business."

The general assessment among businessmen was that although Mr Lamont had improved the Tories' chances the outcome of the election was still in the balance.

The two most striking packages of business measures were delivered with clear political messages.

This was a budget designed to help repair the government's relations with small businesses, many of them in the recession-hit south east.

They will be the main beneficiaries of cuts in business rates (which will affect about 500,000 businesses in England and Wales), the abolition of inheritance tax for family businesses, a reduction in the threshold at which value added tax is paid and measures to make large companies pay their bills more quickly. Small business organisations responded enthusiastically.

By contrast, large businesses got very little. They will benefit from last year's decision to reduce corporation tax to 33 per cent. They will be pleased that full VAT returns will

have to be made quarterly rather than monthly, hence saving administrative costs. But these gains trifle in comparison with what large companies did not get.

A campaign by large international businesses to ease their advanced corporation tax burden won them more than an assurance that it would be dealt with in future. They will be required to publish in their annual reports how long they take to pay their small suppliers. One of the main reasons the chancellor ruled out capital allowances to boost investment was that they would disproportionately benefit big companies. A move to close a tax loophole involving the way companies in part of the same group account for property rent will mainly hit large conglomerates.

The other main business beneficiary should be the car industry, which reacted gleefully to a raft of tax changes. These included a halving of car tax, and a 60 per cent increase to £12,000 - of the value of a business car which can be claimed as a capital allowance.

Retailers and car manufacturers who deal more with private rather than corporate sales should particularly benefit. Mr Lamont has made it easier for companies to give employees cash to buy their own cars rather than take fleet cars. The corporate sector will probably get about 60 per cent of the £550m which the reduction in car tax will cost the exchequer. However this has to be set against the £750m a year bill it could be facing from this June from the introduction of national insurance contributions on company cars.

General retailers who were shocked by last year's large increase in VAT to help to pay for reform of the poll tax will be relieved that Mr Lamont said there would be no further increase or extension of its scope. Retailers with



Little comfort for large industries

Multiple outlets should be among the main beneficiaries among large companies from the cut in business rates.

However, the high street will remain a fairly gloom place. The Treasury predicts a slow and uncertain recovery in consumer spending despite the income tax cuts.

The construction industry will be even more aggrieved. The official forecast is that investment in private dwellings will fall by 1.75 per cent this year and the housing market will remain weak. Construction companies delivered the most negative response to the Budget. Mr Robert Napier, managing director of Redland, the building material group summed it up: "Construction output is forecast to fall by up to 6 per cent this year. The budget has done nothing to alleviate that."

Sectors of manufacturing industry which have been forced into radical restructuring by the recession, such

as basic metal working and mechanical engineering, were also dissatisfied. Machine tool manufacturers which have seen new orders fall by between 30 per cent and 60 per cent were disappointed there were no specific measures to stimulate manufacturing investment.

Yet beneath the detail and beyond the immediate political priorities of the budget, Mr Lamont delivered another message which business should listen to carefully. Recovery from recession will be gradual partly because British economic policy and performance is so hampered by international constraints.

As Mr John Hudson, chief executive of Wagon Industrial, the Telford based engineering group, put it: "The basic message is that with European economies so integrated no British economy can on its own pull the economy out of recession. There are no more quick fixes."

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UK NEWS

British Gas agrees to auction off gas supplies

By Deborah Hargreaves

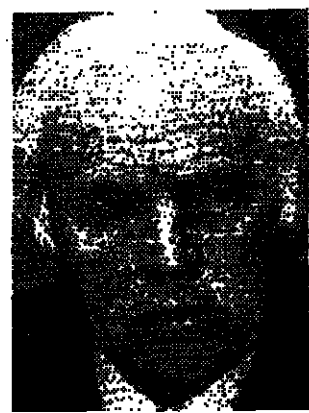
BRITISH GAS has agreed with the Office of Fair Trading (OFT) to auction some of its gas supplies in order to halve its share of the industrial gas market in the next three years. Based on last year's after-tax profits of £1.16bn, the move could cost British Gas £140m to £180m each year.

The company has also completed plans to put its pipeline and storage system into a separate subsidiary as part of a package of undertakings which aims to encourage competition in UK gas supply.

But the deal, which will be announced today, is viewed with scepticism by Ofgas, the industry regulator.

Sir James McKinnon, director general of Ofgas, is expected to distance himself from the final undertakings, though he will want to maintain pressure on the OFT to ensure that British Gas does not try to increase prices to compensate for lost business.

The agreement forces British Gas to cut its market share to 50 per cent of the industrial



McKinnon: sceptical of deal market or 3,000m therms, whichever is smaller, by 1994. The OFT is believed to be exerting behind-the-scenes pressure on British Gas not to raise prices as it loses market share, but instead to turn away customers for whom it has no gas. This, however, brings it into conflict with Ofgas, which says British Gas must meet any reasonable request for gas.

Today's deal was reached after the OFT threatened a month ago to refer British Gas to the Monopolies and Mergers Commission. It was patched together after the intervention of Mr John Wakeham, energy secretary, who was anxious to avoid a row before the election.

Sir James is believed to have favoured a reference to the MMC as a way of forcing the debate out into the open.

The new deal calls on British Gas to sell 600m therms of its gas to competitors in October, for which the company will charge an average wholesale price and handling fee.

After that, the OFT will monitor supply and demand in the market to determine how much gas supply British Gas must auction each year to reduce its market share. As part of the agreement, the gas must go to competitors supplying the industrial market.

In addition, British Gas has agreed to begin operating its transmission and storage division as a separate unit within the company from October.

Ofwat to review water charges

By Richard Evans

MUCH greater involvement of customers in the setting of charges and levels of service by water companies is to become a top priority, Mr Ian Byatt, director-general of Ofwat, the industry's economic regulator, said yesterday.

Mr Byatt warned at a Financial Times conference on the European water industry in London that, without much greater consumer participation, the regulatory regime of the privatised industry might be in jeopardy.

"This will not be an easy task, but I believe it is essential to try," he said. "I would go so far as to say that, without acceptance by customers that they are getting value for money, the whole regime could be at risk."

Mr Byatt's views are significant because he will be responsible for drawing up new charging limits in 1994 before they are implemented for five years from April 1995. It will be the first big change in pricing levels since the industry was privatised in 1989. After substantial price rises to pay for the early stages of the £28bn capital spending programme, there will be pressure for customers to be protected as much as possible.

able for drawing up new charging limits in 1994 before they are implemented for five years from April 1995. It will be the first big change in pricing levels since the industry was privatised in 1989. After substantial price rises to pay for the early stages of the £28bn capital spending programme, there will be pressure for customers to be protected as much as possible.

The softening of the market has also encouraged the offshore contracting industry to reconsider its long term future. The oil and gas group of Scottish Enterprise (SE), the state-funded development body, has decided the time has come for "a long-term reorientation of the industry from the diminishing home market to international markets".

Last month Mr Crawford Beveridge, SE's chief executive, announced plans for an export drive aimed at doubling

overseas sales by 1996, equivalent to about £700m growth in 1990 money. "Expansion of our indigenous oil and gas companies will only ultimately be generated via internationalisation," he says.

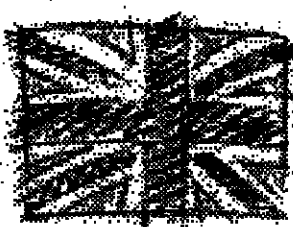
One element of this drive will be the establishment of a sales office in Moscow, where SE sees opportunities for Scottish industry to help with development of oil and gas in the former Soviet republics. About £25m has been earmarked for the office over a period of several years.

Aberdeen is also the home of a new International Drilling and Downhole Technology Centre where oil companies can test offshore equipment. But individual companies will have to adjust to tougher conditions in the meantime. Mr Chambers of Rockwater predicts that contracting companies will have to share more of the risk with the oil companies in order to win business.

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BRITAIN IN BRIEF



Cost-savings agreed on missile project

Britain has negotiated changes in a joint project with France and Germany for a new anti-tank weapon fired by helicopters, after balking at the cost of UK participation.

The Ministry of Defence said savings had been achieved by cutting the planned programme of test firings.

Almost two-thirds of the estimated 2750 development cost has been spent. The new plan is expected to reduce the remaining costs to the UK by about half to £45m over the next five years. The decision to remain in the Long-Range Trigat project was greeted with relief by British Aerospace, the main UK partner.

Bomb disrupts rail services

An IRA bomb exploded near Wandsworth Common station in south west London disrupting train services in the capital but causing no injuries.

The bomb had been placed in a junction box by the trackside and exploded about thirty minutes after a telephone warning had been received by the police. In a separate security alert, Liverpool Street mainline station was closed and underground services suspended.

New SFO chief

Mr George Staple, a partner in Clifford Chance, the UK's largest law firm, has been appointed the new director of the Serious Fraud Office (SFO) taking over from Mrs Barbara Mills QC, who was appointed Director of Public Prosecutions last month.

CBI criticises Scottish plans

The Confederation of British Industry in Scotland has decided it likes none of the proposals for constitutional change north of the border.

Mr Alasdair MacCallum, chairman of the CBI in Scotland, said there was "no evidence to suggest that the proposed alternatives for governing Scotland offer any improvement in stability and confidence."

MPs warn Maxwells

A committee of MPs may decide to rebuke Mr Ian Maxwell and his brother Kevin for impeding a Commons inquiry into the Maxwell pension scandal. Many of the MPs on the committee have been angered by the Maxwell brothers' reaction, arguing it has prevented a complete dissection of how the late Mr Robert Maxwell was able to raid more than £400m from the pension funds of companies he controlled.

Land plan postponed

The government has postponed its plans to compel local authorities to introduce registers of contaminated land by April 1 after complaints by developers. It is estimated that 100,000 sites in the UK are contaminated by pollution.

Dry prospects for North Sea prosperity

David Lascelles finds offshore oil operators pinning their hopes on a fresh oil strike

THE handsome granite-built homes of Aberdeen suggest that prosperity continues unabated in Europe's oil capital. But there are signs of anxiety on the city outskirts where large industrial estates house the UK's offshore oil industry.

The combination of a weak oil price and plenty of spare capacity in the drilling and contracting industry has prompted close questioning about the prospects. In addition, changes recommended in the Cullen Report on North Sea safety in the wake of the Piper Alpha disaster will add to the industry's costs.

Mr Norman Chambers, chief executive of Rockwater, one of the leading underwater engineering contractors, predicts that demand for services from his sector will begin to tail off next year, the exact rate depending on the oil price.

"The whole contracting and fabricating industry must downsize," he warns. "We've got to be realistic about it."

His views are echoed by Mr Gavin Strachan, marketing and contracts manager of Atlantic Drilling, an independent drilling contractor. He says the utilisation rate of rigs is now only 78 per cent. More than 90 per cent utilisation is needed to sustain a healthy market.

"Last year, for the first time, there were more rigs available in the North Sea than in the Gulf of Mexico," he says.



Space available: only 78 per cent of North Sea rigs are being utilised

Operators blame the softening of the market on two things: the low oil price blunting the exploration incentive, and the widespread feeling that all the big North Sea finds have now been made. Most current developments are much smaller than the glory days of the 1970s and early 1980s so it is easier for operators to stop and start, adding uncertainty to the market.

The outlook, however, for activity is not altogether poor. A fresh round of exploration

licences has been announced, including "frontier regions" - areas of the North Sea and Western Approaches which have not yet been explored.

The industry was preparing for the Cullen recommendations, but the new rules - to be phased in from the end of this year - will add a further burden to the contracting sector. The safety modifications could cost an average of £1m per rig, says Mr John Archibald, deputy general manager of Atlantic.

The softening of the market has also encouraged the offshore contracting industry to reconsider its long term future. The oil and gas group of Scottish Enterprise (SE), the state-funded development body, has decided the time has come for "a long-term reorientation of the industry from the diminishing home market to international markets".

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BUSINESS AND THE ENVIRONMENT

Pressure on business to improve its environmental performance will increase the load on information systems and on the people who manage and design them.

This is because environmental management is largely about managing information. If a large company such as ICI, for example, were to take part in the EC's impending Eco-audit scheme, it would probably have to audit its 400 manufacturing sites in 40 countries and ensure that the results were accessible for inspection. This would place a heavy load on its existing information systems. It is still unclear, however, what specific tools will be needed for the job.

One of the messages from business and politicians is for companies to improve their environmental performance by conducting regular audits to measure progress. But these procedures are relatively new and there are no universally agreed standards, although the overriding emphasis is on the collection and systematic storage of information. There is also pressure to develop standards for environmental reporting to be included in the year-end accounts.

UK law is not yet as strong as that in the US which forces certain industries to publish precise information on emissions, in the Toxic Release Inventory. But it looks likely that EC legislation will eventually force member states to provide more information about industrial pollution.

Another demand for data will be driven by eco-labelling schemes for consumer products, which are planned by most developed countries, as well as the EC. To obtain a label companies will have to provide comprehensive information about their products and manufacturing processes.

Martin Houldin, environmental specialist at management consultants KPMG, says much of the necessary information already exists within companies. "The challenge is to extract the data from various parts of the business, consolidate it and then present it to managers in an acceptable format," he says.

This process will, initially, demand the skills of an information manager who can understand the function of the information and who knows where the data is generated and where it is stored.

The UK government, for example, is looking for a consultancy to re-organise and expand its nationwide air mon-

It is playing a bigger role as companies struggle to improve their green record, says Peter Knight

Numbers plucked out of the sky

Monitoring system. The information is offered to scientists and the media for air quality reports.

The job of improving the system demands knowledge of the subject, experience with the technology and an ability to translate raw scientific data into a form which people can understand.

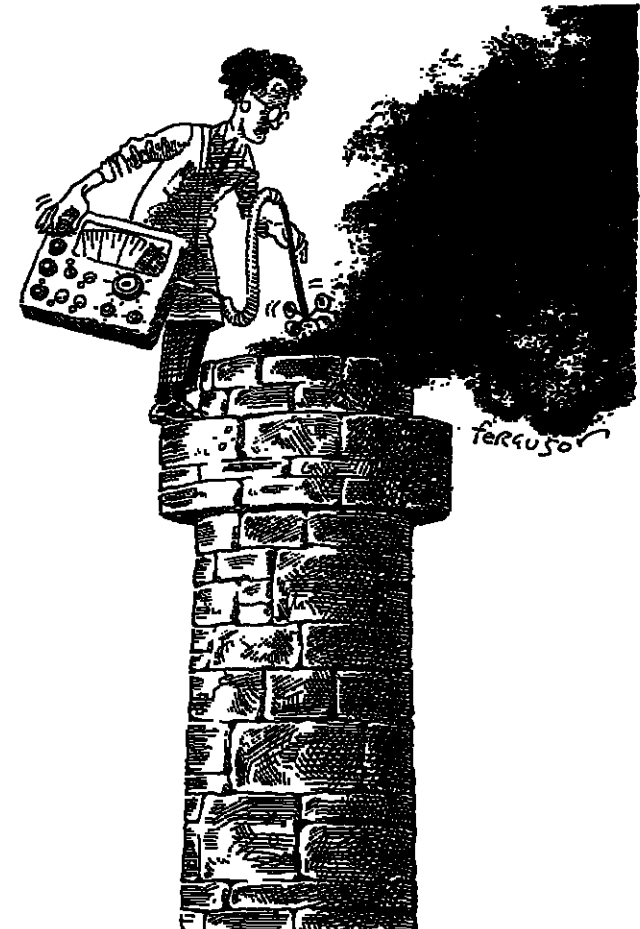
Roger Bagnall, environmental products manager at International Business Machines, says most of a company's initial needs could be satisfied with existing software tools. "There is an obvious need for databases, document storage and retrieval systems, electronic mail and presentation software," he believes.

Suppliers of information technology see the environmental products market divided in two. The most easily defined area is the fast-growing demand for specific software tools designed for the environment-services sector, such as air-flow models.

The other area, which is more general but still embryonic, will demand the expansion of existing information systems within companies.

But because environmental pressures have an impact on nearly every part of a business, the initial demand will be on providing better systems planning to prevent information bottlenecks from developing. Many companies in the environmental services sector - including water and power utilities, waste managers, makers of pollution-prevention equipment, environment consultants and government regulatory agencies - are rather behind in the development of computer systems. There are obvious opportunities here for IT suppliers to sell office systems and other well-established technologies.

Water companies are already providing a considerable market for IT suppliers. Severn Trent Water, for example, is building an automated monitoring and remote control system for its plants. The National Rivers Authority, the UK gov-



ernment's water agency, is setting up an automatic monitoring scheme in eastern England. The system has 12 monitoring stations covering 14 different stretches of river. The stations send information via telephone lines to a central computer system.

Electronic data interchange (EDI) systems, which also rely on telecommunications, should eventually find buyers among companies trying to reduce their environmental impact. These data communication systems, which are used to send electronic documents such as order forms between

two or more companies, would improve the communications between waste managers, pollution inspectors, local governments and water utilities.

Some manufacturing companies have already seen the potential to improve efficiency and reduce paper consumption by expanding their EDI systems. Start-rite shoes, a maker of children's shoes based in Norfolk, has expanded its EDI system to achieve more efficient delivery (less fumes and transport hazards) and to reduce the use of paper.

Most of the information which businesses require in

order to take the first steps towards better environmental management will probably be found within the organisation.

There are many ways in which the IT industry could develop tools to make this task easier. An obvious parallel is with executive information systems (EIS) which tap into a number of sources, re-arrange the data and then present it in a digestible form to managers. The IT industry is starting to identify this need but it will be some time before it designs something comparable to an EIS for the environment.

Environmental software products now available are mostly technical tools designed for environmental consultants and manufacturers. These consist mainly of remote sensing devices, such as a sensor bolted to a chimney stack to measure emissions, feeding into data capture devices. They are all stand-alone devices so the IT manager's immediate task is to feed the information into the main system.

Environmental pressures are beginning to create opportunities for IT suppliers to sell existing products to companies, such as water utilities which have been traditionally light users of IT. This is an expansion of existing markets and requires little more effort on behalf of the supplier other than to identify a need.

Far more complex is the consultancy-based help that suppliers could offer IT managers in companies which have to consolidate information held in diffuse sources. The demand will be for information specialists who not only have a grasp of the technology but who can understand the nature of the environmental demands on the client's business.

There are also opportunities for IT companies to develop software tools to do specific and complex jobs, such as modeling and the visual presentation of complicated environmental data. These business areas already have been identified by companies such as Digital Equipment and IBM.

The primary demand on companies is to identify their needs for environmental information early enough to design the appropriate systems. One of the biggest threats is the development of independent systems which will be difficult to integrate into the mainstream.

Another potential difficulty lies in the human problem of ignoring early warnings, or hoping that the information needs will not be as heavy as predicted.

URBAN AIR POLLUTION

Greeks battle to defeat the 'nefos'

Kerin Hope finds the air in Athens stifling



On a warm, still morning the "nefos" or pollution cloud that plagues Athens is all too visible: a streaky, yellow haze masking the western suburbs and the sea.

The nefos first appeared in the early 1970s, after a steady migration to the capital by villagers and islanders triggered a speculative building boom that left little room for parks and gardens. For each Athenian there is only 2.5 sq metres of green space, at a low level in any European capital.

The warnings of a few prescient city planners, who called for large-scale planting of trees on barren hillsides around the city and construction of a network of ring roads, were ignored by successive governments. The result was a steady growth in atmospheric pollution levels.

The nefos is caused by temperature inversion, in which polluted air trapped between the sea and the mountains enclosing the Attica basin is prevented from escaping by the presence of a warmer layer above. After 26 hours without any wind, a severe pollution episode may ensue, with people suffering from respiratory problems and the environment ministry imposing a traffic ban.

However, the composition of the nefos has changed over the years. From being a Third World cloud containing high levels of sulphur dioxide and smoke, it has become a California-style photochemical smog, rich in ozone and liable to spread over a wider area of the city.

Initial efforts to combat air pollution by reducing sulphur levels in petrol and domestic heating oil and curbing industrial emissions proved moderately successful. Meanwhile, the population of greater Athens stabilised at around 3.2m, while government investment incentives encouraged industries to relocate outside Attica.

But the number of cars and vans circulating in Athens rose from 175,000 in 1970 to 1.34m in 1991. Vehicle emissions are now held responsible for about 75 per cent of the air pollution. A severe shortage of parking space adds to the problem. With over 40,000 cars parked illegally on an average weekday, traffic congestion worsens, increasing emissions of carbon monoxide, hydrocarbons and nitrogen dioxide.

For the past decade, half the city's cars have been banned from weekday driving in a 25 sq km central district, according to the final digit on their number-plate. Although the old

and even driving restrictions help to ease the traffic problem, they have only a small impact on pollution levels. Instead of using public transport, many Athenian families acquired an appropriately numbered second car, usually an elderly vehicle liable to emit thick, black exhaust fumes.

"Athens was becoming a graveyard for cars. The average age of the fleet was 11 years, compared with six for the rest of the EC. Only 7 per cent of it was being renewed annually, again a very low rate," said Nikos Patsatzis, an urban transport consultant.

The picture has changed in the past year, with the introduction of tax breaks for purchases of new cars equipped with catalytic converters, available to owners who turn in an old-technology vehicle.

Yet, the capital still lacks a co-ordinated long-term plan for coping with air pollution. City planners, epidemiologists or meteorologists are rarely consulted by environment ministry experts. Even the methods used to measure air-pollution levels around the city are not consistent from year to year.

One development is a scheme to fit the bus fleet with Greek-designed smoke traps which stimulate more than 95 per cent of smoke and soot emissions, is being delayed.

Although the devices have operated successfully on 100 buses for the past two years, the transport ministry says it cannot come up with Dribn (23m) needed to equip the other 1,700 city buses.

Athenians blame the nefos for a host of ailments, from headaches and nausea to eye irritation and chest pains, and even inability to concentrate. But it is only in the past three years that epidemiological studies have managed to pinpoint a connection between pollution episodes and increased mortality rates, mainly among older people already suffering from respiratory complaints.

The government pins its hopes on eventually reducing pollution levels on two much-delayed projects, construction of an extension to the Athens underground system and of a pipeline to bring Russian natural gas to the capital.

The Dr 250km Metro project will add two new lines crossing the city centre, which are expected to carry 350,000 passengers daily from 1997, many of whom now travel by car or taxi. The gas project should enable both households in the city centre and factories to stop using diesel fuel altogether after 1994. But only the most optimistic of Greeks believes the nefos will ever be dispelled.

Next week's article will focus on Los Angeles.

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ARTS

TELEVISION

Converts, cricket, comedy and soap

It took almost half the opening episode of Channel 4's *Food File* to work out why this new series, supposedly about diet, seemed so familiar: it was a religious programme. Now that real religion in this country has become a marginal affair (today's happy-clappy stuff seems to have little to do with faith and much to do with the universal need of a proportion of mankind for the rhythmic satisfaction of what anthropologists call "dance-and-drum"), all sorts of single-issue taboos are filling the vacuum. They tend to be linked to one or other of the seven deadly sins. The clean-up-TV campaign always used the phrase "sex-and-violence" but actually focused primarily on sex or, to use the s.d.s. term, lust.

Now *Food File* is going for gluttony as the way of securing us into being good. In the opening programme serious were delivered by those who know the way, the truth, and the life have been revealed, and they are offering us a path of righteousness. Once again bread and wine loom large, provided they are respectively very hard and in rather small quantities, but it turns out that the stuff which fills the holy grail is... virgin olive oil. What seems to have happened is that a number of young people, represented by presenter Drew Smith, have just come across the fact, well known for the past half century, that some aspects of the southern Italian diet appear to promote good health. With the usual seal of youthful conviction they now want the entire British population to change its eating habits to fit in with this revelation. They are not going so far as to compare life expectancy in Britain and southern Italy, since that might ruin the

entire series, but they are busy trying to convert the happy Dutton family and make them good.

The cricket *World Cup* may be helping to sell satellite dishes, but it is doubtful whether it is improving the image either of the game or of BSkyB. In cricket, unlike soccer, say, or rugby, there is no difficulty in telling the two teams apart: the ones with the bats are on one side and everybody else is on the other. So it is a mystery why anyone thought it was necessary for cricketers to wear plectrum pyjamas in vivid colours. As white clothing looks beautiful against a green pitch whereas canary yellow or sky blue with striped highlights looks garish and vulgar, sometimes literally more like a circus than cricket. As for Sky's reputation, they have surely done themselves a bad turn by repaying the BBC's willingness to sell edited highlights of Wimbledon with a refusal to sell edited highlights of this event, thus ensuring respect among those viewers (still a large majority of the population) who don't have dishes. There have been early day motions condemning Sky's policy from both Labour and Conservative politicians, and MPs of all parties are now listed about the need for a list of punters which could not be monopolised by a single broadcaster.

On the other hand Sky's decision to screen Australia's new, explicitly sexy soap opera *Chances*, and America's new, explicitly violent game show *Studs*, will probably help sell even more dishes. The clean-up people may make a lot of noise but there is no mistaking the fact that sex raises your ratings. Neither of these series



The stars in three new comedies, left to right: 'Mulberry' (the most likely to last), 'The Big One' (fashionable) and 'So Haunt Me' (the funniest)

could be called X-rated, but *Studs* goes well beyond the coyness and euphemism of *Blind Date* so that the men may be asked to guess "Which of you did the ladies say would be most likely to make love in the back of a car?" And when asked "What is the first thing you notice about girls' bodies?" Michael readily declares "Breasts!" which produces lots of whooping from the audience and laughter from the female contestants. There is no reason that on Cilla Black's prim little show. If you must have programmes of this sort then *Studs* is far more honest and amusing than the British version - and the American contestants are not required to deliver those embarrassingly over-rehearsed "jokes".

As for *Chances*, Episode 1 looks like seven parts *Neighbours*, two parts *Dallas* and one part *Valley Of The Dolls*. As in

all Aussie soaps people say "Without further ado" and "I gotta hand it to yer, Digger" but the semi-nudity is tasteful enough to let it get by in Cheltenham. With terrestrial broadcasters so eager to know how the Victorian hypocrisy which still dominates taste in Britain, such tiny moves towards more adult material will surely help dish sales.

Of the three new comedies *The Big One* (Thursdays on Channel 4) is the most fashionable, *Mulberry* (Mondays on BBC1) the most likely to last, and *So Haunt Me* (Sundays on BBC1) the funniest. That is not to say that *So Haunt Me* is another *Funny Tunes* there no longer seem to be any writers with the self discipline, nor department heads with the willingness to impose the discipline, necessary for the creation of series as consistently funny as

that. Still, I have several times found myself laughing out loud at events in Paul A. Mendelson's account of a family moving into a terraced house which is haunted by an extremely Jewish mother, played with relish by Miriam Karlin. *Mulberry* is the name of the general factotum played by Karl Howman (familiar from *Brush Strokes*) who is hired by the not-so-very batty old *grande dame* Miss Farnaby, played by Geraldine McEwan. This is hardly the sort of stuff that makes you roll off the old green sofa, but there is foreseeable strength and mileage in the relationship, and I suspect some viewers will grow fond of this peculiar couple. The stars of *The Big One* are Mike McShane and Sandy Toksvig, another odd couple, he huge and she tiny, and yet another pair of alumni from *Whose Line Is It Anyway?*. They have

just opened with some success in *The Pocket Dream* in London's West End, and the television series has them sharing their horribly messy flat. Toksvig is one of the three funniest women on British television (the others being Victoria Wood and Dawn French) but although some of the lines in *The Big One* are amusing, the idea that an odd domestic pairing is in itself enough to support a comedy series has, surely, worn seriously thin.

Some aspects of Channel 4's book review programme, *Burning Books*, are admirable: they get through a fair number of books quite quickly, the reviewers mostly seem more concerned with the books than with proving how clever they are, and it makes a wonderful change to have two people dealing with a book and not to know which is the interviewer

and which the interviewee. The form here is for two people to discuss the book across a table as equals. Other aspects, however, can be very irritating: the huge flames are distracting because they look downright dangerous, the chatter at other tables in the background is also distracting, and last week an American journalist was allowed to deliver her review to camera in a high pitched monotone which was virtually incomprehensible.

The willingness of broadcasters to co-operate with the spin doctors of the political parties is becoming embarrassing. One of the parties "launches" a poster - a poster, for goodness sake - and the news programmes dutifully send along reporters and camera teams to record the event, for all the world as though something significant was occurring. How

long before the broadcasters are summoned to record the "launch" of a politician's new hairstyle? Before this election campaign there was talk of ITN behaving this time like proper adult journalists and treating everything on its merits, even if this meant that at the end of the day slightly more attention had been paid to one side than the other. The hope was that the BBC might then follow suit, but all the signs are that the broadcasters are as timid as ever. The stopwatches are running and airtime is being divided not according to news values but according to party entitlement. The idea that television journalists ought to follow the example set by their print predecessors 200 years ago and fight for their independence seems as distant as ever.

Christopher Dunkley

The Crackwalker

GATE, NOTTING HILL

Theresa is fat, phlegmatic and plainly retarded. Not being retarded is Alan's sole asset; he shows meagre signs of growing up, has no skills, is prone to running his childhood nightmares and emerging in them in drink. He worships Joe, a blustering fool who likes to beat up on his woman Sandy, especially when he's drunk, and that seems to turn her on more than anything else. Sandy is still just about pretty, but soured beyond hope. They all live in Kingston, Ontario.

The Junior Chamber of Commerce there must have been dismayed by Judith Thompson's first play, a dozen years ago. Since then she has won national awards for other pieces, and the strengths of *The Crackwalker* what one's appetite to see them. The language here is faithfully, respectfully foul, without any of the low-life "poetic" flights one feared. Yet these miserable, marginal characters reveal themselves in extra-lucid detail.

When Joe pulls up stakes to go West, Al sets up house with poor "Treeze" because she reminds him of the Madonna in school pictures. Theresa is happy to have her own Bay-Bee Jesus, and her anxious social workers tell Al that he is a great father, but he declines into alcoholic paranoia, the baby proves sad and dim, and soon it meets a predictably horrid end. Sandy decamps to Calgary to continue her violent relationship with Joe on a higher economic plane; she hopes Treeze will visit, one of these days.

For respectable Canadian audiences, *The Crackwalker* must have offered something like the nasty revelations of *Tobacco Road* 50

years ago in the US. Thompson's people have no history, and are neither rebellious nor disappointed - merely baffled losers in a market-place where most people are managing much better. Each of them gets a direct-to-audience address, without milking for pathos, though Al's private horrors wrench the guts.

Robert Bowman plays him with defenceless honesty, from abject Joe-worshiping proud, nervous faithfulness to disintegration, and he captures perfectly the plaintive rising inflections of small-city Canadian. Kathy Burke's Treeze is a serene, clinically exact study, touching and appalling as she totes her dead baby "to the graveyard" in a plastic toy-bag, placidly accepting the loss of a doll while looking for a new one.

Neil Dudgeon exposes vulnerable points in Joe's macho violence. Their accents come near enough, which matters in this starkly demotic stuff. For Sandy, Kathryn Pogson comes from nowhere and her style of twitzy, would-be-metropolitan noise comes from the wrong side of the Atlantic. There is a fifth character, a wrecked Canadian Indian even more marginalised than the others, whom Kenneth Charles (a real-life Cree) represents as weirdly detached, benign and desperate.

The director James Macdonald keeps the action swift, unfussy and perfectly focused. Though the Gate's minuscule playing-area leaves a designer's room to be clever, Ian MacNeil has contrived one flash of *troupe-l'œil*.

David Murray

I vespri siciliani

OPERA DE NICE

Since Italy is not far down the road, the region only ceded to France in 1860, Nice may claim justification for doing in the Italian translation Verdi's first opera written wholly for Paris. A retrograde step, yet any competent staging of *Le Vespri siciliani* deserves attention. If it does not have the variety and epic sweep of the succeeding middle-period operas the score, with its electric energy, tant wires and cold steel, has a special fascination.

This production by Bruno Stefano was based on "an original idea" by Jean-Claude Auvray. Presumably this idea was to set the action not in the 18th century Palermo but in the fascist era with risorgimento undertones - Procida arrives from his journey wearing a long black cloak, carrying a leather holdall; the Duchess Elena first appears in a short skirt, but her wedding dress is based on the one worn by Sophie Gravelle, who sang the role at the premiere in 1855. Since the librettist Scribe's version of history was cockeyed, this need not matter much.

What did matter was that Hubert Monlon's sets and costumes, initially pleasing but trivialised by hints of mortality given by marble memorials, graveyard crosses and wreaths, made a cumulatively flimsy effort. Too parochial, not the shocks rippling outward into the world as they did in the historical event, but a local affair of a kind familiar in Sicily. Even so, little was implied of Palermo's oppressive combination of splendours and miseries.

The musical side under Christian Bodea was commendable for a repertory production scheduled only

for three performances - which means that there wasn't quite the tinder-dry crackling edge the music needs in the ensembles. The local chorus was augmented by a choir from Belgrade University. It was a pleasure to hear many unfamiliar voices. For pure vocalism, pride of place must go to the very talented young Chinese bass Dong-Jian Gong, who sang Procida with an engaging ease. That he conveyed little more than cardboard patriotism was at least partly Scribe's fault for flattening out the character. The lovers were American. Frances Ginsberg as Elena phrased musically and warmly; the top of the voice was bright but lower down turned to redness. The wedding turned curdled. As Arrigo Allan Glassman displayed a glowing, resonant tenor.

The most satisfying portrait came from the French baritone René Massis in the rewarding role of Guy de Montfort, the Governor of Sicily who discovers that the insurgent Arrigo is his son. With his French timbre, not obviously a heroic Verdi baritone, his moulding of the long lines was as eloquent as it was skilful. In spite of his slight build Massis commanded the stage with effective, economical movements.

It is the fate of minor characters in many Verdi operas to remain in the shadows of two American music legends step into the spotlight for this week's shows: Maceo Parker (alto sax), Fred Wesley (trombone) and Pee Wee Ellis (tenor sax), known collectively as J.B.Horns, began performing for James Brown in the 1960s, and are considered one of the most influential groups in the history of funk and rock music. Johnnie Johnson, for many years Chuck Berry's unsung piano player, is only now - at the age of 67 - coming into his own as a solo artist and bandleader.

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PARIS
DANCE
Palais Garnier 19.30 Picasso et

Manon Lescaut

LA SCALA, MILAN

Almost exactly a year after its triumphant premiere in Turin on February 1, 1883 Puccini's opera had a successful run of 19 performances. It was revived in 1909, then dropped until the historic Toscanini interpretation, first heard on December 26 1922 and repeated almost every season until 1929, the year of the conductor's resignation. After Toscanini's departure, productions became rarer, from the end of the First World War until a few days ago there had been only three.

So the new *Manon Lescaut* in Milan was eagerly anticipated. Actually, it was announced over two years ago, for the 1990-91 season, to be staged by Pierre Romans. But the production was postponed and, before he could mount the work, Romans died. Meanwhile, however, his collaborators Denis Fruchaud and Christian Gase had designed, respectively, costumes and sets; so the opera house found itself with the empty shell of a staging, but without someone to fill it with stage life. La Scala appealed to Jonathan Miller, who agreed to take over. It was a generous gesture: few producers with a reputation - and a distinct personality - like Miller's would have been willing to step into another's already defined place, renouncing a *priori* any thought of total control.

In the event Miller's hand was almost nowhere evident. In the first act, the chorus milled about as usual, acting like a chorus; the gamblers, stage left, looked at the con-



Gino Quilico and Nina Rautio

ductor and not at their cards. There was no focus, no rapport among the singers, no feeling that anything significant - like falling in love, eloping - was taking place. In the second and third acts, the staging gained vitality, but still never ventured beyond the most predictable conventionalities. What can be done with the fourth act? You imagine the producer saying to the singers: stagger for a while, then drop.

The *Manon* and the Des Grieux at La Scala staggered well beyond the call of duty, and the hero, towards the end, dropped carefully, teasingly just beyond the soprano's reach. I attended the second performance, for which Lorin Maazel's place on the podium had been taken by La Scala's house conductor Armando Gatto. According to reports, Maazel had been hoisted on opening night after a chilling reading. Gatto began as if he were trying to set a speed record, making the orchestra shrill and nasty. Later, he settled down to more acceptable tempos, but the sound never became seductive. And he allowed

the singers to dawdle; rhythms became aleatory.

The matronly Nina Rautio has a warm, supple voice, with nothing youthful about it. She sang her second act aria with style and intelligence and, in her death scene, she was "finally" - moving. Peter Dvorsky is a known quantity; big voice, ringing notes, no idea of pathos (his "Donna non vidi mai" was loud and assertive); but he is a presence. Gino Quilico's Lescaut supplied the elegance that was elsewhere missing; too bad Puccini didn't give him more to do.

The sets and costumes looked cheap. In the first act, the chorus all dressed in the same colour - the reddish beige of the set - draining the scene of precisely the quality it should have: variety. Geronte's mansion was barren, and the Le Havre harbour also seemed unnecessarily sombre. For the last act, a chalk cliff ran along one side of the stage; it made the singers look smaller, but still not moribund.

William Weaver

INTERNATIONAL ARTS GUIDE

BARCELONA

Gran Teatre del Liceu 21.00 Uwe Mund conducts Helmut Pollitz's production of *La traviata*, with Stephanie Friede as Violetta. Also tomorrow, Sat and Sun (412 1486).
Palau de la Musica 21.00 St. Petersburg Quartet plays string quartets by Haydn, Ravel and Tchaikovsky. Fri, Sat and Sun.
Tchaikovsky, Fri, Sat and Sun.
morning: Garcia Navarro conducts Barcelona City Orchestra. Sun evening: Sumi Jo sings Mozart arias (268 1000).

BERLIN

Schauspielhaus 20.00 Hartmut Haenchen conducts the CPE Bach Chamber Orchestra in arrangements of string quartets by Schubert and Beethoven. Tomorrow, Fri, Sat: Abbado conducts the Berlin Philharmonic (East Berlin 200 2156).
Philharmonie Kammermusiksaal 20.00 Lukas Reintzer conducts the Mecklenburgers' Triple Orchestra in Beethoven's Triple Concerto and Mozart's Paris Symphony (West Berlin 2548 8232).
Deutsche Oper 18.00 Jiri Kout conducts Götz Friedrich's

production of Tannhäuser, with Sabine Hass, Karan Armstrong, Rene Kollo and Matt Salmon. Tomorrow: Einführung (West Berlin 3410 249).

GOTHENBURG

Konserterhus 19.30 Saulius Sondeckis conducts the Lithuanian Chamber Orchestra in music by Vivaldi, Bach, Beethoven and Rossini, with Tatiana Nikolaeva soloist in Shostakovich's First Piano Concerto. Tomorrow's programme includes music by Mozart, Haydn and Telemann (187 000).

LEIPZIG

Opernhaus 19.30 Gunter Neuhold conducts first night of Nikolaus Lehnhoff's new production of *Elektra*, designed by Gottfried Pilz with Deborah Polaski and Eva-Maria Bundschuh (also March 14, 17, 29). Fri: Uwe Scholz's production of *Coppelia* (718 273). Tomorrow and Fri in Gewandhaus: Christoph von Dohnanyi conducts Webern, Bartók and Brahms (7132 252).

LONDON

Covent Garden 20.00 Song recital by Marilyn Horne, accompanied by Martin Katz. Tomorrow: Les Contes d'Hoffmann (071-240 1066).
Coliseum 19.30 James Holmes conducts David Pountney's ENO production of *Street Scene*, also Sat. Tomorrow: Il barbiere di Siviglia (071-836 3161).
Royal Festival Hall 19.30 Bernard Haitink conducts the Orchestra of the Royal Opera in Strauss' Four Last Songs (soloist Felicity Lott) and Alpine Symphony. Fri: Simon

Rattle conducts music by Nielsen, Szymanowski and Ravel. Sun: Krystian Zimerman piano recital (071-928 8800).
Queen Elizabeth Hall 19.45 Howard Shelley conducts the London Mozart Players in music by Lennox Berkeley, Walton, Turnage and Bridge. Sat: Jack Brymer plays Mozart's Clarinet Quintet with the Medici Quartet. Sun: concert performance of Rossini's *The Siege of Corinth* (071-928 8800).
Barbican 19.45 Kenneth Sillito directs the Academy of St Martin in the Fields Chamber Ensemble in music by Vivaldi and others, with Michala Petri recorder soloist. Tomorrow: Colin Davis conducts the LSO (071-838 8891).

NEW YORK

THEATRE
● Conversations With My Father: Herb Gardner's play is set in a tavern in Lower Manhattan and focuses on a youth's coming of age and his struggle to communicate with his strong-willed father. Currently previewing, opens on March 22 (Royale, 242 West 45th St, 239 6200).
● The Substance of Fire: Jon Robin Haltz's play focuses on the struggle between an old world father and his American children for control of their troubled, family-owned publishing house (Miti E Newhouse Theater, Lincoln Center, 150 West 65th St, 239 6200).
● The Most Happy Fella: a revival of Frank Loesser's 1958 musical comedy, directed by Gerald Gutierrez (Booth Theater, 222 West 45th St, 239 6200).
● Lips Together, Teeth Apart: Terence McNally's play about the experiences of two married couples

sharing a Fire Island beach house over a not-so-peaceful July 4 weekend. Directed by John Tillingier (Lucille Lortel Theater, 121 Christopher St, 239 6200).
● Ticketmaster answers inquiries and sells tickets for Broadway shows (307 4100) and rock/pop concerts (307 7171).

JAZZ
Blue Note Four artists who have long been performing in the shadows of two American music legends step into the spotlight for this week's shows: Maceo Parker (alto sax), Fred Wesley (trombone) and Pee Wee Ellis (tenor sax), known collectively as J.B.Horns, began performing for James Brown in the 1960s, and are considered one of the most influential groups in the history of funk and rock music. Johnnie Johnson, for many years Chuck Berry's unsung piano player, is only now - at the age of 67 - coming into his own as a solo artist and bandleader.

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PARIS
DANCE
Palais Garnier 19.30 Picasso et

la Danse: opening night of an Opera Ballet piece bill, consisting of Bronislava Nijinska's *Le Train Bleu*, Roland Petit's *Le Rendez-Vous* and Leonide Massine's *Le Tricorne*. Daily till next Wed except Mon (4017 3535).
Théâtre de la Ville 20.30 Opening of a two-week season by the Compagnie Philippe Genty, experimental dance theatre group. Daily except Mon till March 21 (4274 2277).

MUSIC
Salle Pleyel 20.30 Samyon Syichov conducts the Orchestre de Paris in Schubert/Berio *Rendinger* and Berlioz's *Symphonie Fantastique*, repeated tomorrow. Sat: Janowski conducts *Götterdämmerung* (4563 0796). Tomorrow in Châtelet: Kent Nagano conducts *Varèse* and Debussy (4028 2840).

● A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8898.

PRAGUE

CONCERTS
This evening at 19.30 in the Smetana Hall, Bohumil Kulinsky conducts the Prague Symphony Orchestra and Philharmonic Choir in a performance of Honegger's dramatic oratorio *Jeanne d'Arc* (in *Prasne brany* 2, 232 5858).
Tomorrow and Fri, Jiri Belohlavek conducts the Czech Philharmonic Orchestra in symphonies by Mozart and Hindemith, with David Gerlingas soloist in Haydn's C

major Cello Concerto (231 9164).
OPERA
The Estates Theatre has a new production of *Le nozze di Figaro* opening on Sun (repeated March 19 and 24). The National Theatre repertory includes *La bohème* on Fri, while the Smetana Theatre has *Die Fledermaus* tomorrow and Fri. It rovatore on Sat and La traviata on Sun.

● For pre-booking and information about other events, contact city centre ticket agencies (Bohemia, Na Příkopě 16, 226738, or Melantrich, Wenceslas Square 38, 226714) and theatre box offices.

STRASBOURG
Palais de la Musique 20.30 Michael Stern conducts the Strasbourg Philharmonic Orchestra in Barber's *Essay No 1*, Paganini's Fourth Violin Concerto (soloist Gidon Kremer) and Schumann's Third Symphony. Repeated tomorrow (8637 8777).
● Municipal Capriccio with a cast including Tom Krause and Siegfried Vogel (8675 4823).

ZURICH
Opernhaus 19.30 Nikolaus Harnoncourt conducts the Ponnelle production of Don Giovanni, with Ruggero Raimondi, Ann Murray, Cecilia Bartoli and Deon van der Walt, also Sat. Tomorrow: Ligeti's *Le Grand Macabre*. Sun: ballets by Bernd Rogger Bienen (262 0909).
Tonhalle 19.30 Pinchas Steinberg conducts the Tonhalle Orchestra in Chopin's Second Piano Concerto (soloist Helen Sim) and Holst's *The Planets*. Fri; Kurt Nikkanen plays Paganini's First Violin Concerto (201 1580).

European Cable and Satellite Business TV (all times CET)

MONDAY TO FRIDAY
CNN 2000-2200, 2200-2300 World Business Today - a joint FT/CNN production with Grant Perry and Colin Chapman.
Super Channel 0830-0900 (Mon) FT East Europe Report - weekly indepth analysis from FTV.
0930-0900 (Tues) Spiegel TV - Int Report - the real world of documentary.
2130-2200 (Tues) Media Europe - what's now in European media business.
2130-2200 (Wed) FT Business Weekly - global business report with James Beilini.
0830-0900 (Thurs) Media Europe 2130-2200 (Thurs) FT Eastern Europe Report.
0830-0900 (Fri) FT Business Weekly.
2130-2200 (Fri) Spiegel TV - Int Report.
Sky News 0130-0200 (Mon), 2130-2200 (Thurs), 0230-0800 (Fri) FT Business Weekly.

SATURDAY
CNN 0900-0930 World Business This Week - a joint FT/CNN production.
1900-1930 World Business This Week.
Super Channel 1930-2000 FT Eastern Europe Report.
Report.
SUNDAY
CNN 1000-1100, 1900-1930 World Business Weekly.
Super Channel 1800-1930 FT Business Weekly.
Sky News 1330-1400, 2030-2100 FT Business Weekly.

FINANCIAL TIMES

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Wednesday March 11 1992

A policy for dividends

THE 1992 dividend declaration season was always going to be difficult for UK shareholders. Big names such as Vickers, Royal Insurance, Lloyds and Midland Bank have already reduced their payouts to shareholders, often sharply. But just as remarkable is the fact that the likes of Barclays Bank, Commercial Union and Rolls-Royce have maintained, or even slightly increased, their dividends even though they have had to dip substantially into reserves.

Overall, the response of dividends to the recession has been slow. In 1991, dividends in aggregate increased by about 6 per cent while earnings fell by 10 per cent or more. As a result, average dividend cover has dropped to 1.8, which is significantly less than in the previous recession at the beginning of the 1980s.

The risk is that British companies will struggle unduly to maintain their payments, in ways which cause permanent financial damage. It is different in most other countries: in Germany, for example, dividends are moved up and down with much greater flexibility, while in Japan the level of payout is far lower.

There are several historical reasons for the propensity to pay high dividends in the UK. The imputation tax system introduced in the 1970s was designed to be neutral as between profit retention and distribution, eliminating the double taxation of dividends which still applies in the US. At the same time, persistent inflation has encouraged institutions and private investors alike to seek a high and rising income from equity portfolios, this being seen as safer than investing in fixed income bonds.

New twist

The increasing prominence of gross investors such as pension funds, and more recently private investors with personal equity plans, has added a new twist to this. Because such investors can in an obscure way, largely on the passive basis of market expectations. It is about time that companies, albeit after discussions with their shareholders, took their own individual decisions about dividends.

Free trade for the Americas

NEGOTIATING a free trade agreement between the US, Mexico and Canada was never going to be easy. Concluding one at a time of economic recession in two of the countries involved and impending presidential elections in the one is likely to be very difficult indeed.

Mr Brian Mulroney, the Canadian prime minister, brought his worries into the open a few days ago. In an interview with the FT, he said he doubted whether the US Congress would ratify the pact before this November's elections. His concerns are far from theoretical. Protectionist sentiment in general and special interest lobbying in particular are raising questions over Washington's commitment to the negotiations. More to the point, the existing free trade agreement between Canada and the US, negotiated four years ago, is itself coming under a shadow, thanks to moves by the US administration against Canadian exports.

Two weeks ago, the US Customs Service ruled that Honda cars assembled in Ontario fail to meet the 50 per cent North American content threshold required for duty-free access to the US under the FTA. Then last Friday, the commerce department slapped a 14.5 per cent countervailing duty on allegedly subsidised Canadian lumber. Since these are Canada's two biggest exports to the US in a trade that amounts to \$300bn, it is scarcely surprising that Ottawa suspects Washington's motives, or that some Canadians favour pulling out of the agreement completely.

Warning signal

Canada will probably do no such thing. But since the Canada-US agreement is supposed to provide the framework for the more ambitious NAFTA, the current dispute amounts to a warning for all the governments involved.

The US action against Canadian-made Honda Civics certainly seems arbitrary. It has taken the US customs service three years to issue guidelines on what counts as local content, whereas Canada published guidelines in 1988. Defining local content is a fraught business, but it is hard to

These sums do not make sense when dividends are uncovered and tax reserves have run out. But there is strong pressure on companies to keep paying out as long as possible, with the assurance that they will be able to call on shareholders later through rights issues to repair any damage to their balance sheets. Last week, Rolls-Royce justified its decision to maintain the dividend by saying it reflected the long-term view that it took of its business. But this is not the traditional view of equity finance. The theory has been that shareholders accept much of the risk that supports the ability of companies to operate in volatile markets, and are prevailed upon to keep paying out unchanged dividends even in a recession, then the actual businesses may be endangered.

Short cycle

Within a short business cycle this may not matter very much. A profits recovery will soon restore the financial balance of a company. But the fear must be that in an extended downturn lasting several years, the adjustment of dividends to financial reality might be dangerously slow.

In the longer term, the structure of corporation tax may need to be re-examined, if it seems that far from being neutral, it involves a bias towards distribution. In an increasingly international market place, it would be unfortunate for British companies to suffer calls on their cash flow that do not exist in major competitor countries.

For the time being, public companies in the UK must keep their dividend policies under close review. It would make sense for them to develop and publicise long-term dividend policies which would be applied during the recovery as well as the downturn. All too often, dividends have appeared to be decided in an obscure way, largely on the passive basis of market expectations. It is about time that companies, albeit after discussions with their shareholders, took their own individual decisions about dividends.

escape the conclusion that the US administration is pandering to protectionist pressure from domestic carmakers. It is a similar story in the case of lumber.

All this is regrettable, but it is not a reason for the Canadian to despair. On the contrary, they should be using the current NAFTA negotiations to eliminate the shortcomings in their existing agreement.

Mexico's President Salinas, for his part, would do well to take note of Ottawa's difficulties as he forces the pace towards an early NAFTA agreement. He will need all the skill he can muster to resist US negotiating pressure; at worst he could find himself negotiating a bilateral deal with the US on unfavourable terms.

Political risks

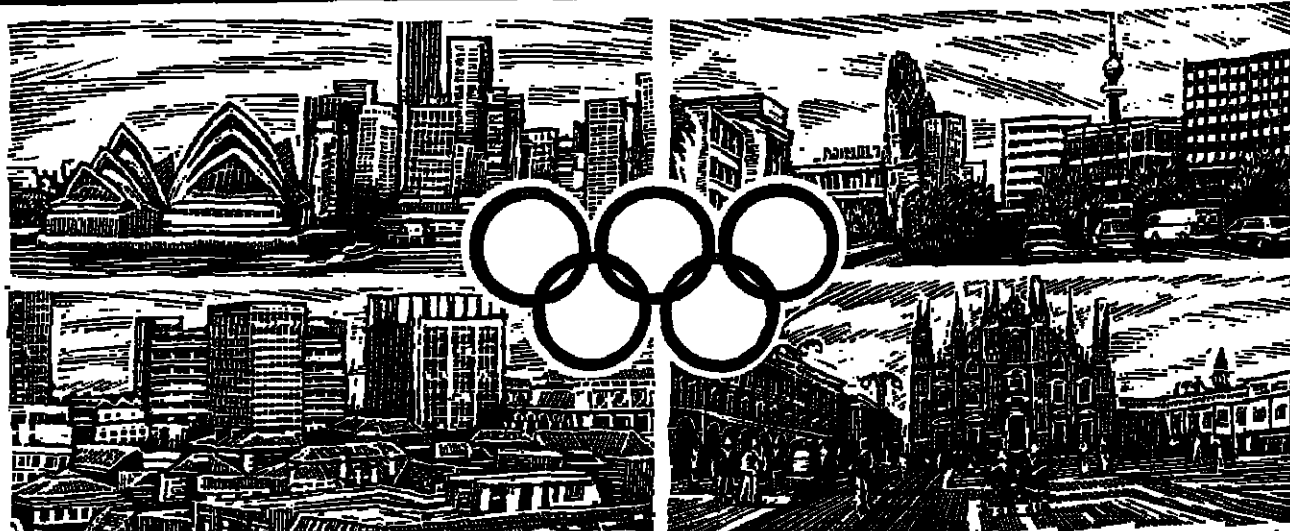
Free trade does entail political risks for all three governments. In Canada in particular the public blames a two-year recession on the existing FTA and Mr Mulroney, who faces elections next year, is currently perceived as the most unpopular leader in the democratic world.

Yet NAFTA would have a beneficial overall effect on all three economies. For the US, it would give exports a much-needed fillip. One recent study predicted net gains in US-Mexico trade of \$20bn a year by 1995, with more than 600,000 jobs created in Mexico and 130,000 in the US.

Significant obstacles remain to a deal. After two months of intensive negotiation disagreements persist over the pace of tariff reduction, rules of origin, banking services, trade in farm products, and oil. To these must be added pressure on President Bush to make special provision wherever there are job losses, and on the migration of "dirty industry" to Mexico.

None of these problems should be insuperable, however. For Mr Bush, far from causing political trouble, an early NAFTA agreement might provide a much-needed pre-election coup. But that means dealing fairly with his northern neighbour as well as his southern one.

Budget leaders, page 10



FT writers on the race to stage the 2000 Olympics

All eyes on the prize

For four international cities limbering up in the race to stage the 2000 Olympic games, the coming months will be a test of organisation as well as of endurance, with much gold awaiting the winner. The International Olympic Committee will decide the venue for the summer games in September. The four contestants - Berlin, Manchester, Sydney and Milan - are moving into the starting blocks.

Beijing has also put in a bid. But, hampered by memories of the 1989 Tiananmen Square massacre, it is already regarded as an also-ran.

The cities are gearing up for a widespread marketing effort. There are intriguing national differences in the styles of their campaigns. Berlin's candidature is designed to symbolise the new face of a reunited Germany. Mr Heiner Giersberg, spokesman of the Berlin 2000 Olympic games office, calls the proposal "Chancellor Kohl's personal baby".

Manchester is supported by the dashing figure of the Duke of Westminster, Britain's richest landowner, who heads the city's Olympic committee. He runs his Grosvenor Estates land and property empire from neighbouring Cheshire. With an eye on the Olympic bid, the number of marginal constituencies in north-west England, Mr John Major, the sports-loving prime minister, has given the Mancunian initiative his personal backing - as well as a large infusion of government money.

Sydney, which hopes to bring the Olympics to the southern hemisphere for the first time since the Melbourne games in 1956, is banking on its scenic setting as well as its well-established facilities. Yachting in Sydney Harbour, in sight of the Harbour Bridge and Opera House, would be one of the most spectacular of all Olympic events.

According to Mr Rod McGeoch, chief executive of Sydney Olympic 2000, the private company running the bid, the ambition is vital. "I don't think you can hope to win the Olympic games unless you can demonstrate that the athletes will have an excellent time."

True to form in a country where the turf for the 1990 World Cup was not laid until days before the soccer started, Milan is taking a more languid approach. Italy's commercial and financial capital is stressing its reputation as an international business centre and its independence from Rome. Experience with the World Cup is likely to be one of the few

strong cards in Milan's hand. Despite all the tantrums about unfinished stadiums and incomplete roads, "Italia '90" went remarkably smoothly.

"We produced a fabulous stadium," says Mr Roberto Caputo, the city councillor for sport, whose department is responsible for the Olympic project. He adds, a little lamely: "We have a strong sporting tradition with two famous football teams."

Selling cities as Olympic capitals involves large financial outlays. In Australia, Mr McGeoch, a prominent Sydney lawyer and amateur sportsman, is being paid more than \$150,000 a year (\$65,000) to run the bid, on which planning started in December 1990.

The Olympics proposal links the two halves of the city. The decision to seek the prize was one of the first moves by the previously separate city administrations of East and West Berlin not long after the wall fell in November 1989. Berlin's backers believe that the Olympics would cost roughly DM2bn and earn DM4bn. For Berlin, one of the largest expenses will be the Olympia Express, an 18km-long rapid transit system costing an estimated DM400m and linking the Olympic sites at Lake Himmelsburg in east Berlin with the Olympic village at Ruhleben in west Berlin. It will run parallel to the S-Bahn overground railway, and will be used after the games, limiting the cost to the organisers.

Like Berlin, Manchester is using its campaign to stress the city's quest for renewal after a period of fraught recent history. The driving force behind the Mancunian campaign is Mr Bob Scott, the Somerset-born dynamo behind the city's commercial theatre revival in the past 10 years. Mr Scott says that, if Manchester is to swing the games its way, the IOC will want to see "deeds not dreams".

A Manchester Olympics would cost about £1bn, says Mr Scott, of which a third would come from the government. Earlier this month, Whitehall committed an overall £55m to help. Most of it is earmarked for building an indoor arena near Manchester's city-centre Victoria Station and a velo-

drome in east Manchester, as well as for clearing the site where the £170m Olympic stadium is planned.

Milan estimates a cheaper price tag of about L1,500bn (\$650m). "The bulk of this will have to come from outside," says Mr Caputo. He is looking for commercial sponsorship, not for subsidies from the Italian government. Milan is stressing the importance of cutting costs, and of limiting the environmental impact of the new facilities. "The priority is not to become submerged in a sea of cement nor to inundate the city with more traffic," Mr Caputo says.

Milan's qualms over construction underline that an important factor determining the choice of Olympic venue will be the efficiency of planning. A key element behind Berlin's proposal is that only four sports halls need to be built, all in east Berlin. The largest multi-purpose Berlin sports facility, Olympia Hall, will have a capacity of 15,000 and is to be financed by private investors at about DM1.1bn. DM1.6bn. Sydney's backers say up to 70 per cent of the sporting facilities will be in place by the time the IOC votes in September 1993. The government has advanced \$300m to finance an aquatic centre and two athletics stadiums. The most costly element in Manchester's £1bn total, meanwhile, would be the £400m Olympic village, which would be used as housing afterwards.

As they prepare to make their decision, IOC officials will not simply be besieged with plans for new facilities; they will also see some infrastructure of a more traditional variety. Berlin's stadium built for the 1936 games is to be refurbished and used for the opening ceremonies and other events. Manchester will show off Lancashire's Old Trafford cricket ground, where baseball would be staged.

As far as lobbying is concerned, Australia's, at least, look likely to be spartan. Sydney's Mr McGeoch rules out the risky public relations used by past contenders. "I have never taken anybody to lunch to get their business. I want to be able to say to the IOC: 'Come to us and you will get the Olympic ideal'."

The cities have 18 months to show they can satisfy that tradition. The contest is under way to capture the Olympic mood of the millennium. Reporting by: David Marsh (London), Kevin Brown (Sydney), Leslie Collett (Berlin), Ian Hamilton Fozzy (Manchester), Haig Simondan (Milan)

OBSERVER

Lamont the lugubrious

Whatever the result of the general election, Norman Lamont will go down as the man who abolished the budget. It seems unlikely, however, that he will continue as chancellor even if the Conservatives win. Something has happened to this normally engaging man that suggests he has become bogged down in Treasury detail.

Perhaps precisely because it was the last traditional budget but one that he read the greater part of his speech in such a lugubrious tone. In the sections on tax on company cars and mostly VAT returns, he seemed visibly bored. It was 54 minutes before he made his first joke, and even that was a rather feeble one about Benjamin Franklin saying that nothing was certain except death and taxes.

He referred to the married couple's allowance as the mca or "male chauvinist allowance" and made one ringing statement: "I will not accept any deal in Brussels that would ride roughshod over the interests of the British elder industry." For the rest, however, he seemed prepared to accept the Treasury prose as it came. The official text actually bears the word "peroration" before the final few paragraphs, and always has: it was not a peroration written by a politician.

The next Tory chancellor needs to look less gloomy, which rules out quite a lot of the men sitting alongside Lamont yesterday. The Labour front bench, with its liberal sprinkling of women, looked much more attractive.

Synd-icated

Beet by criticism from all quarters, Lloyd's of London can ill-afford to score own goals. Yet this appears to be what has happened with the precipitate release of figures showing the proportion

of working and outside Names on all syndicates in the insurance market.

The figures were released by the chairman, David Colledge, last week with the intention of casting light on to allegations that market insiders have benefited to the detriment of outside Names.

Now, though, it appears they are incomplete.

Produced by the solvency and reporting department at Lloyd's Corporation, the statistics effectively ignore 771 Names who resigned during 1988 and 1989 and more than 1,200 Names who have died over the six-year period covered.

Lloyd's is moving quickly to rectify the error - its membership department yesterday prepared a set of more accurate statistics but is anxious to stress that the mistake was "a cock-up rather than a cover-up".

Prone position

Understandably, Britain's big drinks companies are always nervous about what will happen to them on budget day.

But for Allied-Lyons it seems to be a particularly accident-prone day. Last year, it reported a £147m foreign exchange loss and lost its finance director. This year the planned merger of its UK brewing operations with Carlsberg was referred to the Monopolies and Mergers Commission.

Tec-chy

Who's afraid of the pollsters? Answer: Michael Howard, Britain's Employment Secretary.

Although his press office has spent some days denying the fact, it turns out that Howard took time off from brawling with Labour's Jack



"I don't feel as bribed as I should do"

Cunningham on the radio last week to try to scupper an FT poll on attitudes to training.

To be precise, the FT has been asking directors of the Training and Enterprise Councils, which Howard set up, how they think they are doing and whether Labour would be good or bad for the training system. Howard's response was to telephone business executives on C10, the group which liaises between Whitehall and the Tecs.

According to a memorandum sent by Tom Booth, G10 representative for the north west to the 14 Tecs he represents, Howard said some questions were political in nature and offered a crude reminder of the Tecs' "non-political status". No mention was made of the much touted independence of the Tecs.

Booth's response was to warn his fellow Tec directors to consider carefully whether they should answer any questions (or the whole questionnaire) which could be deemed to be "politically sensitive". Unfortunately for Howard, over a third of all Tec directors

canvassed, including Booth, have already returned their forms.

"We'll be glad to pass on their views to Howard on the Tecs' structure, purpose and funding in due course," says Mr Booth. "Frankly, I don't like being told what to do by the Secretary of State," says one aggrieved Tec director. "If I had any reservations about filling in the form before, which I did not, this instruction would have driven me to fill it in straight away."

History repeats?

If the US Presidential election does boil down to a Bush/Clinton contest, then it will have strange echoes of the contest of 1894.

The Republican candidate's surname then began with B - James Blaine. He came from Maine (one of Bush's many home states) and doubts were expressed about his veracity, rather like Pat Buchanan's forceful denunciation of Bush for reneging on his "Read my lips. No new taxes" statement.

The jingle of the time was "Blaine, Blaine, We gave him a pain, The consular liar from the state of Maine". The Democratic candidate also coincided: his surname started with the letters Cl - Grover Cleveland - and he was dogged by sexual scandal. After admitting to fathering an illegitimate child, the opposition jingle was "Mal Mal! Where's my Pat? Gone to the White House, Hal Hal Hal!"

Those who believe in omens will want to know that Cleveland won.

Safe landing

The InterCity 125 heading for London last week went slower and slower, and finally stopped. A voice came over the intercom: "Good morning, ladies and gentlemen, this is your senior conductor speaking. First, the bad news. Both engines have failed."

The good news is that you are not in a Boeing 767.

BOOK REVIEW

Wrong lessons from the past

Businessmen proverbially do not have time to read books. To gratify them, Francis Fukuyama announced three years ago that history had ended - in a short journal article. He was then an unknown US State Department official. Yet the collapse of communism gave the argument a journalistic appeal, and that bald statement, based in no more than the outline of an argument, attracted international attention.

Fukuyama has now expanded the end of history to book length. But you can stick to the article. The argument is little advanced - just 300 pages longer, padded out with Fukuyama's musings on future without history and his debts to Plato and Hegel - or more precisely, the interpretation of Hegel by Alexandre Kojève, an inter-war French-Russian philosopher.

The argument is simple enough. Events will continue to happen. In that sense, history has a future. But as a struggle between rival ideas on how to organise society, economy and government, the age-long debate is over. Western-style capitalism, liberal democracy has swept all before it, whether Marxism and communism on the left, or theocracy and authoritarianism on the right.

Multi-party democracies, the rule of law and bills of rights may not yet be universal, but ignore Islamic fundamentalism and the like: "liberal democracy remains the only coherent political aspiration that spans different regions and cultures across the globe".

All of which is underpinned by an appeal to Hegel's "coming of reason": the German philosopher's dialectic which supposes that history is proceeding through a continual process of conflict on the road to human freedom, with each bout of conflict resulting in a less contradictory system, leading, ultimately, to the perfect regime. It is universal history - "nothing other than man's progressive rise to full rationality, and to a self-conscious awareness of how that rationality expresses itself in liberal self-government".

In case all that sounds a bit high-flown to our businessmen, Fukuyama includes a solitary table. It lists "liberal democracies worldwide" at intervals from 1790 (when there were three) to 1990 (13), 1990 (36), ending in 1990, when the collapse of the Berlin Wall and the eastern bloc, plus less dramatic events in South America, took the figure to 101. This is the onward march of the ballot box plotted, and liberal democracy shown to have broken out of its original beachheads of western Europe and North America, spreading around the globe.

Leaving Hegel to one side, the table alone gives pause enough for questioning Fukuyama's universal history. In the first place, it features only

THE END OF HISTORY AND THE LAST MAN
By Francis Fukuyama
Hamish Hamilton, £20

two countries with an unbroken "liberal democratic" record going back two centuries - not an unduly exacting test of the ability of the species to dominate the next few thousand years. Those two are Switzerland and the US. Go back even to 1990, and the number rises to a mere five. Fukuyama's powers of extrapolation are impressive: plot his more recent numbers on a graph, and North Korea, Iraq, even China, must have liberal democracy around the corner.

But what, exactly, are they about to confront? Examine Fukuyama's list a bit more closely. In the 1990 column, the US, Britain, Germany and France are closely followed by Romania, South Korea, Honduras and Singapore. If all those are "liberal democracies", then liberalism and democracy are fairly elastic beasts. Yet Fukuyama treats the two as if they were stock animals: either you are one, or you are not, and if you are, then the age of political conflict is over - unless you relax, a possibility that he allows for but never properly explores.

If only liberal democracies came so pre-packaged and conflict-free. In reality, conflict is as endemic within many as it is absent from a few of those regimes which should be warning to the democratic dawn. Democracies evolve and degenerate; they can be overthrown; they are under constant stress - not only from left, right and nationalists across the spectrum, but from environmental pressures which could prove as destabilising as the first three.

Moreover, democracies take such a myriad of forms, with such profound differences, that to characterise them as a single type of polity is about as meaningful as to throw all systems of supernatural belief in the box "religion". Yet Fukuyama rarely penetrates beneath such airy generalisations. "Democracy can never enter through the back door," he tells us: "at a certain point, it must arise out of a deliberate political decision to establish democracy." Try that on a serious British historian.

Fukuyama does, at least, tackle some of those countries which are not remotely near his "liberal democracy" box. In the west, religious fundamentalism and nationalism have often been catalysts for democracy; so he is confident they will prove so elsewhere. Perhaps, perhaps not. It would be nice to think so - we buy this book for that rainy day when business is bad and you need reassuring that capitalism, democracy and liberalism are indeed forever.

Andrew Adonis

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LETTERS

Silent enemy may be a paper tiger

From J J Hunt.
Sir, I read with interest your article 'Silent enemy poised for attack' (March 5) which discussed the potential threat to UK warehouse clubs posed by US retailers, and agree with much of your argument. While not wishing to be dismissive of a formula that has been so successful in the US, it seems appropriate to put the threat into context from the point of view of the UK supermarket retailer.

In a typical US warehouse club, about 40-50 per cent of sales are in product categories offered by a large UK supermarket.

Of this, US market research

suggests that only 35-40 per cent is sold to the general public, while the rest is sold on a wholesale basis to small retailers and caterers. Assuming that a UK warehouse club had a sales pattern similar to that in the US, for every £1m of sales made by the warehouse club store about £200,000 could be at the expense of the supermarkets.

In the US, warehouse clubs currently have sales of about \$1m (\$600,000) per week. Even if they were to increase this to £1m in the UK, the total impact that each new warehouse club could have on local food retailers would be less than half that which is

currently experienced from a new supermarket. Your article states that Goldmans Sachs sees scope for only 30 warehouse clubs in the UK, with total sales of £21m, giving a rather ambitious £2.1m per store per week. To put this into perspective, it implies that warehouse clubs will achieve a market share of only about one half of one per cent of the market in which food retailers such as Sainsbury's operate.

J J Hunt, director of marketing services, J Sainsbury, Stamford House, Stamford Street, London SE1 1LL

Translation of expenses marks the real life policy progress

From D R Linnell.
Sir, It is always a pity to spoil a good story. However, your article yesterday on SIB's proposals for disclosing life assurance companies' expenses, ('SIB bows to life companies' lobbying', March 5) is well wide of the mark.

Expense figures which enable customers and commentators to make effective comparisons between products and between companies have been available for some time. SIB's proposals involve making these more easily understood and more readily available, and we support these moves.

Indeed, we would be delighted if these proposals were also to be applied to the products offered by banks and building societies, so that consumers could make better informed comparisons across the whole range of products on offer.

D R Linnell, group compliance officer, Prudential Corporation, 1 Stephen Street, London W1P 2AP

Costly water mishap points to advantage of indoor meters

From Mr J D Graham.
Sir, With reference to your article 'Most customers find water metering satisfactory in trials' (March 3) I would point out that there is a problem with the metering of water if the meter is, as in this district, near the road, and not in the house.

I had the misfortune that the main from the meter to the house leaked for some four months and, being buried and invisible, nobody knew. The courtesy of the South West Water Company excused me from having to pay a large part of the cost, which would have been more than £2,000. I would suggest that serious consideration should be given to mounting water meters in the premises.

John Graham, Quaker House, Heath Road, Brighthelm, Devon TQ5 9AU

Fax service: 01753 5328. They should be clearly typed and not handwritten. Please send fax machine for the resolution.



FOREIGN AFFAIRS

Immigration and asylum policy should, in theory, be quite distinct. The former is an economic and social issue, the latter a humanitarian one. But in practice they have got inextricably intertwined, because a liberal or humane asylum policy is bound to be seen as a loophole in a restrictive immigration policy. The two can only be maintained side by side if there is a fair and fast method of distinguishing between voluntary and forced migrants; and no such method has yet been found.

Fast methods are bound to be arbitrary, as snap judgments have to be made about situations which may be very complex, by people who may not be familiar with the language or political background of those whose good faith they have to assess. Fair methods are likely to be slow, and that means either detaining asylum applicants for long periods or letting them into the country provisionally, after which they live for months or years with the threat of deportation hanging over them. In practice European countries deport very few asylum applicants once they are in the country, but many are left in limbo. The unstated policy seems to be to use the difficulties and indignities of the application process as a deterrent.

All this is very expensive. Industrialised countries spend, according to Ms Barbara Harrell Bond, director of Oxford University's Refugee Studies Programme, an estimated \$5bn to \$6bn a year on processing asylum seekers. She compares this to the funds available to the office of the UN High Commissioner for Refugees (UNHCR) for its work around the world, currently less than \$1bn.

That makes it sound as if it would be more cost-effective for industrialised countries to slash their expenditure on asylum seekers and give the money saved to UNHCR. Unfortunately, however, this is not a real alternative.

Clearly there is no chance of eliminating asylum procedures altogether. This could be done only by deciding either to

Western countries are unable to disentangle policy towards asylum seekers and immigrants

refuse everybody or to admit everybody. Refusing everybody would be contrary to international law, inhumane and politically unacceptable. Admitting everybody would mean abandoning any attempt to control immigration. This might just possibly be good economics, but is no longer remotely feasible politics in any country, even Australia or the US.

Thus giving more money to UNHCR, however desirable in itself, would certainly not remove the need for asylum procedures. Nor would it be at all likely to produce a *pro rata* reduction in the number of asylum applications to industrialised countries. As Ms Harrell Bond herself points out, those who seek asylum in the industrialised world, although a rapidly growing number, are less than 5 per cent of all forcibly uprooted people. All the rest remain in the south.

Nor is there any simple correlation between the cost of processing asylum applications and the number of bona fide applications received. Much of the money spent is a function not of the actual number of applications, but of the number of spurious applications to be weeded them out were not in place. In other words, the ostensible cost of an asylum policy is, in reality, part of the cost of an immigration policy.

It is perhaps unfair to take Ms Harrell Bond to task in this way, because her remarks were only a preamble to a very interesting argument about what should be done to tackle the worldwide refugee problem, and she certainly does not regard it as a simple matter of giving much more money to UNHCR.

Her views were set out in a paper submitted to the UK-Japan 2000 Group, which held its annual conference last week-

tion. The group exists to promote Anglo-Japanese understanding and co-operation, and this year it devoted a session to international migration. I had assumed that the discussion would focus on the British experience of immigration, the problems now raised by population movements in Europe, and the extent to which Japan faced or might face similar problems. So it was rather a surprise, though by no means an unpleasant one, to find that the main paper submitted from the British side was the one by Ms Harrell Bond entitled 'Refugees and the reformulation of international aid policies: what can Britain and Japan do?'

The next surprise was to find that the main targets of her attack were not western governments, nor yet international business, but UNHCR itself and the 'non-governmental organisations' (NGOs). The next surprise was to find that the main targets of her attack were not western governments, nor yet international business, but UNHCR itself and the 'non-governmental organisations' (NGOs).

western charities working in

Ms Harrell Bond's examples of success stories include Cyprus, where 'the government used the situation as a catalyst for the reconstruction of the economy'

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Distress of Maxwell pensions episode has given rise to an unexpected and beneficial side effect

From Mr Norman Freethy.
Sir, Leaving aside the depredations perpetrated by the late Mr Robert Maxwell on his pension fund, his untimely demise has done more to advertise the merits of pension schemes than any less tragic event or advertising campaign might have done. As they say, it's an ill wind...

Public opinion, like stock markets, always overreacts. Understandably, then, the proposals attributed to Mr Freethy and outlined last week ('Pension fund trustees face strict rules', March 4). These advocated sweeping changes in pension law, that trustees should be subject to the same strict rules as company directors, the remit of the Occupational Pensions Board should be substantially extended, and more. In the main, these are 'stable door' measures.

Frauds with pension funds are rare because in the main

the legal system has worked well. Mr Maxwell contrived to control the company, its pension fund, and the in-house investment manager, inhibiting any employee who valued his job from speaking against him. That argues not so much against the system as in favour of ingenuity of the individual. The best way to frustrate another budding Maxwell is to aim in advance at preventing such a specific set of circumstances.

There is much to be said for pension funds being legally bound to have an independent trustee responsible to the authorities, with powers to act in advance of any suspicious event. Indeed, a prototype already exists in the form of pensioner trustees, a mandatory requirement for controlling directors' own self-administered pension schemes, answerable to the Inland Revenue

directly and included in a register maintained by them. For larger pension schemes a similar register of independent trustees could be kept, maintained perhaps by the Occupational Pensions Board to whom the independent Trustees is made accountable. The OPB could be obliged to freeze the assets of any pension fund immediately, as soon as an independent trustee, suspicious of what is going on, requires them to do so.

I suggest this approach is likely to be more effective and infinitely less expensive than the suggestions for increased control currently being promoted by the media (and, we are now told, by parliament), which are likely to be no more effective than *inno* apparently was.

Norman Freethy, Hyman Robertson & Co, 190 Fleet Street, London EC4A 2AH

Urging BR to bite on bullet

From Mr A. MacLean Watt.
Sir, In 1901, Japan was described by a foreign observer as 'the land of approximate time'. Another writer noted that in 1907 'their modern trains do well if they maintain an average of 20 mph over a short distance'. This is the country of today's bullet trains, where commuter and long-distance trains can be relied on to depart on time, almost to the second. British Rail, take heart! The past, or even the present, need not be an indicator of the future.

Andrew MacLean Watt, Watt International, Gosei Building, Minami-Azabu 5-16-7, Minato-ku, Tokyo 106

Trident submarine's operating terms deserve closer scrutiny

From R M Bale.
Sir, With some 20 years in the shipping industry, I am not aware of any civilian ship operator who has the budgets available to keep one ship in harbour and one at sea, let alone who requires three ships in the harbour to maintain one at sea at all times ('Naval chief backs fourth Trident sub', March 6). Ferry companies which operate in all weathers have no reserve ferries in their peak season, and even companies operating vessels at the cutting edge of technology, Sealink's Wavepioneers for example, do not have spares. It appears that one or more of the following possibilities

applies:

● The design of Trident is at fault, resulting in breakdowns.

● Management and/or crewing arrangements have not moved with the times.

● The decision to contemplate purchase of a fourth Trident at a time of reduced demand is motivated by factors other than operational.

Perhaps the time has come for the government to contemplate civilian management of the navy, leaving solely strategy and war to the admirals.

R M Bale, Rocque Berg, St Clement, Jersey, Channel Islands, JE2 6SD

Brussels should be brave over Yugoslavia dilemma

By John Zametica

Recent events in Sarajevo have demonstrated only too sharply that Yugoslavia is far from pacified. It is still possible, even likely, that Bosnia-Herzegovina will collapse into chaos and violence, resulting in a complex territorial fragmentation along ethnic and religious lines. The analogy of Lebanon, so often cited during the Yugoslav conflict, would unfortunately be appropriate.

The wider and immediate implication of any conflict in Bosnia-Herzegovina is that probably it would postpone deployment of UN peacekeeping troops in Croatia. This in turn could lead to a renewed round of fighting between Serbs and Croats. The government in the Croatian capital of Zagreb has in any case never been happy about the arrival of the UN, fearing that the Serbian enclaves could, through Serbian manipulation on the international scene, remain indefinitely outside Croatian sovereignty. The most recent opinion polls from Croatia indicate that the majority of Croats estimate precisely such an outcome. Another war in Croatia would thus constitute not an extension of diplomacy, but its prevention. Then what?

The problems do not stop there. With the exception of Slovenia, all the perplexing, threatening elements in the Yugoslav quagmire are still in place: apart from the unresolved status of the Serbs of Croatia, there is the constitutional issue about the political balance between Moslems, Serbs and Croats in Bosnia-Herzegovina; the separatist Moslem region of Sandzak in Serbia, next to Bosnia-Herzegovina; the unruly province of

Kosovo, with its 2m ethnic Albanians in Macedonia; the Serbian-Macedonian border issue; the increasingly vocal Hungarian minority in Vojvodina, northern Serbia. There are also at least a dozen more esoteric issues and two big ones: the desperate economic situation in all six Yugoslav republics, and the growing likelihood of a civil war in Serbia itself between the left and right. Even if the Croatia problem is resolved, the rest of the country will still keep the international community preoccupied for some time.

Yet the international community has not even begun to address the central question in Yugoslavia: what is a minority and what is a nation? For this has been at the very heart of the manifold Yugoslav crisis. The Serbs of Croatia see themselves as a nation, not a minority. They invoked the principle of self-determination which clashed with the principle of the sovereignty of the (Croatian) state. The ethnic Albanians in Kosovo similarly claim that they are not a minority, as do the Moslems of Sandzak. In Bosnia-Herzegovina, the Serbs do not wish to become a minority in an independent, Moslem-dominated state. But the Moslems there have no desire to become a minority in a rump Yugoslavia. Everybody wants self-determination. But who is entitled to it?

The EC, which rapidly took over the management of the conflict in Yugoslavia from the hopelessly ill-equipped Conference on Security and Co-operation in Europe (and now probably wishes it had not done so), deliberately steered clear of this political minefield. Last November the Republic of Serbia sent a carefully formulated question to Lord Carrington, the chairman of the EC-sponsored peace conference on Yugoslavia: 'Who can be the subject of the right to self-determination from the standpoint of international public law - a nation or a federal unit; is the right to self-determination a subjective collective right or the right of a territory?'

The question, of course, covered only Croatia and Bosnia-Herzegovina, and it was designed to advance Serbian objectives. But it was nevertheless, in the Yugoslav context, exactly the right question to ask because it begged the nation-minority definition.

Lord Carrington passed on the Serbian inquiry to the arbitration commission attached to the peace conference, but the latter received an altered version of this same question: 'Does the Serbian population in Croatia and Bosnia-Herzegovina, as one of the constituent peoples of Yugoslavia, have the right to self-determination?' Mr Robert Badinter, the French chairman of the arbitration commission, considered even this far too tricky and adroitly avoided the whole matter by replying that the Serbs in Croatia and Bosnia-Herzegovina were under international law entitled to protection as minorities. If everybody claims nationhood, the safest course is to declare everybody a minority.

The EC, in its wisdom, went on to extend diplomatic recognition to Croatia, which only increased the resolve of the Serbs in that republic to resist the status of a minority and secede. The fact that the ceasefire held at the time of the recognition had nothing to do with the recognition itself: the ceasefire held, and still does, because Serbia knew only too well that the presence of UN troops would deny the exercise

of Croatian sovereignty in the Serbian enclaves and perhaps, in the long term, detach them altogether. The whole issue of recognition was, at any rate, badly mismanaged by the EC, which eventually succumbed to German pressure, itself a result of domestic opinion driven by sentiment.

How will the EC cope with a battery of unresolved problems elsewhere in Yugoslavia? Clearly, it is not interested in, and fears to pontificate on, the implications of self-determination - it is much easier to sound righteous and say that the internal frontiers of Yugoslavia are inviolable and can only be changed by agreement, not force.

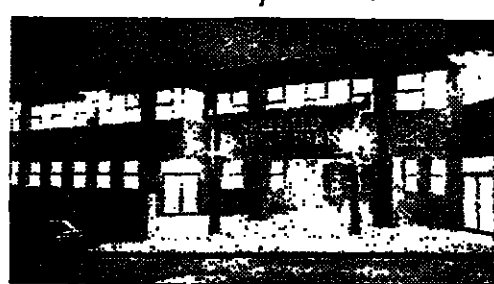
But force has been used, and it will probably be used again. Unwittingly, the EC has now, for example, committed itself to a status quo in Kosovo. If the Serbs of Croatia are a minority, and if the principle of the inviolability of the frontiers is to be respected, then the ethnic Albanians are also a minority and they too should stay where they are, as should the Moslems of Sandzak and all three nations in Bosnia-Herzegovina. This assumes, of course, that these people will be happy to observe the laws laid down by the EC.

The EC did not, except in Slovenia, recognise reality. It dropped the hot potato of self-determination in favour of Tito's frontiers within Yugoslavia. It is just possible that those frontiers will be his only lasting legacy. But it does not seem likely or even desirable. If and when the EC is confronted by a renewed cycle of violence in Yugoslavia, it may wish to consider that brave decisions can also be pragmatic ones.

The author is a research associate at the International Institute for Strategic Studies

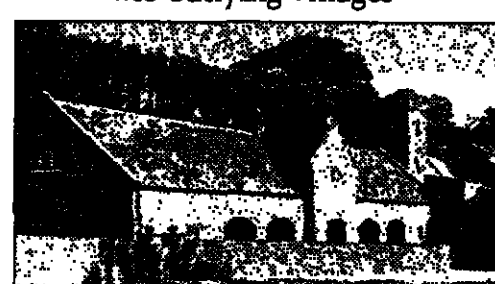
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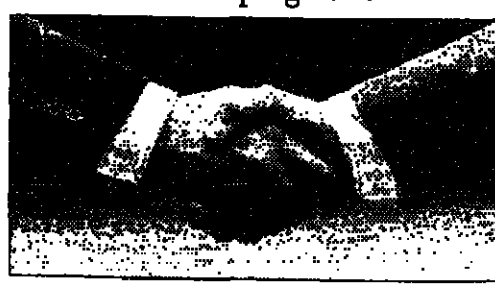
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December 1991

INTERNATIONAL COMPANIES AND FINANCE

BSN boosts beer interests with 24% of San Miguel

By William Dawkins

BSN, France's leading food group, is to strengthen its position in Spanish brewing by buying a 24 per cent stake in San Miguel.

The acquisition, at an undisclosed price, is a valuable addition to BSN's beer interests, which already include 33 per cent of Mahou, another Spanish brewer.

BSN, under the chairmanship of Mr Antoine Riboud, is Europe's second largest beer group, with market leadership in France and Italy and strong positions in Spain, Belgium and Greece. Its other brands include Kronenbourg, Kanterbräu, Maes Pils and Peroni.

However, BSN's beer business is less international than some of its other activities, in biscuits, mineral water and dairy products. In 1990, the beer division made 82 per cent of its FF6.6bn (\$1.18bn) sales in France, out of total group sales of FF22.9bn.

The San Miguel stake was



Antoine Riboud

sold by the March group. The purchase was made with the agreement of other investor groups, and leaves the family shareholders in majority control.

The acquisition, valued at Pta13bn (\$125m) at current Madrid stock market prices, gives BSN a stake in the Span-

ish beer market rivaling that of Guinness, which has a market share in excess of 20 per cent.

San Miguel is the fifth biggest domestic brewer with a market quota of some 14 per cent. The other main foreign player in Spain's beer sector is Heineken, which owns 51 per cent of El Aguila, the second biggest brewer.

The deal highlights the current drive by one of Spain's premier family controlled holding companies to realise its assets. Last week it announced it was selling a 15.5 per cent stake in Signet Banking Corporation of the US.

The group had earlier unveiled plans to raise as much as Pta50bn through the sale of its electric utility interests in Spain. It is also understood to be seeking buyers for certain chemical companies it owns, as well as partners for its two domestic banks, Banco Urquijo and Banco de Progreso.

Investors lose Au Printemps bid battle

By William Dawkins in Paris

MINORITY shareholders in Au Printemps, the Parisian stores group, yesterday lost an important court battle to secure more generous bid terms from Pinault, the timber-to-furniture retailing group.

The move, coming in the shadow of the legal battle for control of the Perrier mineral water group, is expected to increase support for a change in French takeover regulations.

These currently oblige a buyer to bid for only 66 per cent of a company's shares and a third of the equity has been acquired.

A full bid is only triggered once the 50 per cent threshold is passed.

Au Printemps' minority shareholders took action on the grounds that they believed Pinault had artificially arranged for the expiry of some of the voting rights in a stake it had bought in Au Printemps last November, so as to bring its investment in the stores group below 50 per cent.

The seller, the Swiss holding group Maus-Nordmann, had made double voting rights on some of the shares expire by selling them to one of its subsidiaries before on-selling to Pinault, they argued. Pinault should have accordingly extended its FF5.3bn (\$940m) offer to two-thirds of Au Printemps to all the shareholders.

However, the Paris appeal court concluded that Pinault had legitimately bought 37.3 per cent of Au Printemps' voting rights, and that if therefore did not need to make a full bid. Au Printemps' share price dropped by 4 per cent within minutes of the announcement.

The finance ministry is consulting stock market organisations and employers' groups, which want an end to the 66 per cent rule, so that full bids would be triggered on the critical threshold. Failure to reform the three-year-old regulation could hamper the country's attempts to attract big institutional investors, they argue.

Degussa plans to float stake in unit

By Andrew Fisher in Frankfurt

PRE-TAX profits at Degussa, the German metals, chemicals, and pharmaceuticals group, rose by 5 per cent to DM43m (\$26m) in the first quarter of this year.

However Mr Gert Becker, the chief executive, said results would only show a marked improvement for the full year if the world chemical market recovered.

The company plans a number of fund-raising moves this year. It will launch a rights issue and plans to float off a minority stake in its pharmaceutical subsidiary, Asta Medica, when stock market condi-

tions are suitable. Asta's turnover, including the newly acquired business in east Germany, is around DM1.3bn.

Mr Becker said Degussa's profits last year stemmed from chemicals and pharmaceuticals. It had cut losses at its Leybold high technology unit and was seeking a partner for this business. Eventually, Leybold could also be partly floated off to the public, he said.

Degussa's restructuring measures had made the company "significantly more robust" than in the previous year, he

added. Group restructuring costs exceeded DM100m in the financial year to September 1991, with the labour force reduced by more than 9,000.

The company intends to shed a further 1,000 jobs by autumn next year, as it reduces its central administrative and research staff. "We are in a period of radical change," Mr Becker said.

For last year, Degussa cut its dividend from DM11 to DM7 after a drop in net income last year of 33 per cent to DM82m. Degussa is concentrating more on its non-German activi-

ties to be closer to world markets. Foreign investments were higher than those at home for the first time last year. Investments abroad, chiefly in the US, India, Taiwan and Brazil, made up 55 per cent of the DM783m total, which was up by 15 per cent on the previous year.

Mr Robert Ehart, finance director, said this year's capital spending would total up to DM650m. Around 70 per cent of turnover, which dropped by 7 per cent to DM36m in the first quarter, is achieved abroad.

Generali expects to post rise

By Haig Simonian in Milan

GENERALI, Italy's biggest insurance company, yesterday forecast higher earnings for 1991, despite continuing heavy underwriting losses on non-life business, particularly in Italy.

Releasing preliminary figures for last year, the company said the "positive" trends stemming from life insurance earnings and a slight let-up in the rate of cost rises had failed to make up for non-life underwriting losses.

However, investment income and extraordinary gains would allow it to report earnings above the L351.2bn (\$282m) made by the parent company after tax in 1990, despite the additional burden imposed by a government requirement to bring forward certain property tax payments last year.

Non-consolidated premiums rose by around 14.5 per cent to L7,200bn in 1991. Generali gave no indication of consolidated group premiums, which amounted to L13,670bn in 1990, but said premiums from other companies it controlled rose by around 12 per cent to almost L11,000bn in 1991.

Non-life premiums rose by around 12.5 per cent, with premiums on the life side jumping by 17.2 per cent. No absolute figures were given. Domestically, non-life premiums rose by 10 per cent to almost L2,400bn, while life premiums rose by almost 19 per cent to L1,350bn.

Investment income rose by 20.5 per cent, while the value of Generali's overall investment portfolio surged by

almost 30 per cent to over L21,200bn from L16,300bn in 1990. No explanations for the increases were given.

More detailed figures should be available on May 5, when the company's board meets to consider its 1991 results.

Alitalia, the Italian state-controlled airline, wants to stay out of alliances, Reuter reports.

"Among all the alliances that have been announced I have not yet seen one that really works," managing director, Mr Giovanni Bisignani, said.

"Even the gurus of air transport seem to have changed their minds on the subject of link-ups," he said. "We at Alitalia prefer to achieve critical size by ourselves."

East Asiatic lifts payout despite fall

By Hilary Barnes in Copenhagen

THE EAST Asiatic Company, which has extensive interests in the Far East, North America and Europe, plans to step up its dividend, despite a fall in net profits to DKr355m (\$55.1m), the lowest figure for six years.

Group sales increased by 13 per cent to DKr18.64bn. Earnings after net financial items were down from DKr515m to DKr400m and the group return on equity in the parent company fell from 8.5 to 7.8 per cent.

However the company, which expects net profits to start climbing again this year,

is increasing its 1991 dividend from 5 per cent to 9 per cent.

Mr Henning Sparso, supervisory board chairman, said results at the North American graphics equipment and Plummer food divisions were hit by the US recession.

Operating profits on North and central American operations fell from DKr167m to DKr31m, on sales down from DKr4.65bn to DKr4.31bn. In Europe, a 1990 operating loss of DKr89m became a profit of DKr133m, on sales up from DKr5.55bn to DKr6.48bn. In Asia, operating profits increased from DKr364m to

DKr415m on sales up from DKr4.23bn to DKr5.03bn.

The group has five functional divisions: graphics equipment, trading, consumer products, Plummer foods, and energy and property.

Mr Sparso said the dividend increase was "pedagogically correct", reflecting the board's conviction that the group was showing a generally sound and positive development.

He said the company was budgeting for a sales increase of 16 per cent for the current year, and an increase in profits before depreciation and financial items of around a third.

Generale Bank up to BFr9.6bn

By David Buchan in Brussels

GENERALE Bank group, Belgium's largest, has posted a 19.5 per cent gain for last year, bringing net consolidated profit up from BFr8bn (\$24m) in 1990 to BFr9.6bn in 1991.

The bank, which is to raise its ordinary net dividend from BFr70 to BFr90, said gross income rose 10 per cent due to better margins on Belgian franc and foreign currency lending, and a higher return on shareholdings.

At the same time, Generale increased its transfer to reserves to BFr13bn last year to guard against a rise in bad domestic debts because of the slowdown in the Belgian economy. The parent bank in Belgium continued to prune its staff.

The group's consolidated overheads, however, showed a 5 per cent increase, partly because they include for the first time Banque Paribas de Crédit, in which Generale raised its stake to 70 per cent at the end of last year.

Despite the domestic slowdown, private-sector lending rose by 10 per cent. However, loans to the Belgian public sector fell as the government pursued its austerity policy in a bid to qualify for European monetary union by the end of this century.

The group's consolidated balance sheet ended the year at BFr2,569bn, compared with BFr2,356bn at end-1990.

Sandvik earnings slide 29%

By John Burton in Stockholm

SANDVIK, the Swedish specialty steel and carbide group, yesterday reported a 29 per cent fall in profits after financial items, to SKr1.9bn (\$315m) for 1991.

It plans a dividend increase to SKr9 from SKr8.50 despite the earnings decline. It also expects demand is likely to remain slack this year, with a possible further fall in profits if the recession deepens.

Sales fell 4 per cent to SKr17.5bn as orders dropped 5 per cent. All divisions experienced weaker earnings.

The cemented carbide group, the company's biggest unit,

saw earnings slip by 25 per cent to SKr1.18bn. Earnings for the steel division tumbled by 42 per cent to SKr279m, while the saws and tools unit posted a SKr16bn loss against a profit of SKr91m in 1990.

The Process systems division had the smallest earnings decline, with a 16 per cent drop to SKr166m.

Sandvik said it would eliminate 1,000 jobs this year from its labour force of more than 26,000, and has reserved funds in its 1991 accounts for this restructuring measure.

● Kemira, the Finnish state-owned chemical group, yesterday reported a pre-tax loss of FM522m (\$116m) for 1991, against a profit of FM129m in 1990. It blamed weak demand for titanium dioxides and fertilisers, two of its main product areas.

The price of fertiliser also fell in Europe last year due to growing imports from eastern Europe. Sales fell 5 per cent to FM10.8bn.

Profitability was also harmed by rationalisation measures, including the closure of facilities in Finland, Sweden, the UK and Belgium. However, Kemira expects results to show a recovery this year.

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Eridania chairman forecasts advance

NET earnings at Eridania, the Italian agro-industrial company controlled by Ferruzzi group, should rise this year, although probably not by as much as the 12 per cent forecast at the operating level, said Mr Renato Picco, chairman, writes Haig Simonian.

Speaking on the eve of the Verona agricultural fair, Mr Picco stressed that the improved profits would mean this year's dividend would be at least maintained. However, he remained cautious as to the possibilities of a dividend increase.

Eridania's full figures and dividend will be released later this month. Mr Picco said sales had climbed to "just under L10,100bn (\$8.03bn)" from L9,165bn in 1990, while gross operating profits had grown by around 15 per cent to over L1,000bn.

FIDELITY INTERNATIONAL FUND

Société d'Investissement à Capital Variable
Kansallis House
Place de l'Etoile
L-1021 Luxembourg
R.C. Luxembourg B 24054

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY INTERNATIONAL FUND, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal office of the Fund, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on March 19, 1992, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Auditor.
3. Approval of the balance sheet and income statement for the fiscal year ended November 30, 1991.
4. Discharge of the Board of Directors and the Auditor.
5. Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3d, Charles T. M. Collis, Charles A. Fraser, Jean Hamillius and H. F. van den Hoven, being all of the present Directors, and the election of Mr. Barry R. J. Bateman as a new Director, subject to approval by the Institut Monétaire Luxembourgeois and to have effect after such approval.
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.
7. Declaration of a cash dividend in respect of the fiscal year ended November 30, 1991, and authorisation of the Board of Directors to declare additional dividends in respect of fiscal year 1991 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.
8. Consideration of such other business as may properly come before the meeting.

Approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: February 17, 1992

BY ORDER OF THE BOARD OF DIRECTORS

Fidelity Investments

FIDELITY SPECIAL GROWTH FUND

Société d'Investissement à Capital Variable
Kansallis House
Place de l'Etoile
L-1021 Luxembourg
R.C. Luxembourg B 20095

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY SPECIAL GROWTH FUND, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal office of the Fund, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on March 26, 1992, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Auditor.
3. Approval of the balance sheet and income statement for the fiscal year ended November 30, 1991.
4. Discharge of the Board of Directors and the Auditor.
5. Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3d, Charles T. M. Collis, Charles A. Fraser, Jean Hamillius and H. F. van den Hoven, being all of the present Directors, except Mr. Harry G. A. Seggerman, who by reason of his retirement does not offer himself for re-election, and the election of Mr. Barry R. J. Bateman as a new Director, subject to approval by the Institut Monétaire Luxembourgeois and to have effect after such approval.
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Dated: February 17, 1992

BY ORDER OF THE BOARD OF DIRECTORS

Fidelity Investments

GLOBAL GOVERNMENT PLUS FUND

International Depositary Receipts
representing 100 common shares

Notice is hereby given to the shareholders that the Board of Directors of GLOBAL GOVERNMENT PLUS FUND LIMITED has declared a quarterly dividend of US\$ 0.135 per share payable over the next quarter on a monthly basis in April, May and June 1992.

The monthly dividend reflecting the quarterly declaration will be US\$0.045 per share to be paid on April 30, 1992 to shareholders of record at April 15, 1992, on May 29, 1992 to shareholders of record at May 15, 1992, and on June 30, 1992 to shareholders of record at June 16, 1992.

Coupons numbers 45 to 47 of the International Depositary Receipts will therefore be payable in USD on the following dates and at the rates indicated below, net of the depositary's fee, at the following offices of Morgan Guaranty Trust Company of New York:

Brussels, 35, Avenue des Arts
London, 1, Angel Court
Frankfurt, 44-46 Mainzer Landstrasse
Zurich, 38, Stockenstrasse

IDR CPN#	RECORD DATE	PAYMENT DATE	DIV. per IDR 100 shs
45	15/04/92	07/05/92	usd 4.25
46	15/05/92	05/06/92	usd 4.25
47	16/06/92	07/07/92	usd 4.25

Depositary: Morgan Guaranty Trust Company of New York
Brussels Office

ANZ Bank

Australia and New Zealand
Banking Group Limited
A.C.N. 005 357 522
(Incorporated with limited liability in the State of Victoria)

U.S. \$200,000,000

Floating Rate Notes due 1994

Notice is hereby given that for the Interest Period 10th March, 1992 to 10th June, 1992 the Notes will carry a Rate of Interest of 4 1/4% per annum with an Amount of Interest of U.S. \$19,79 per U.S. \$10,000 Note. The relevant Interest Payment Date will be 10th June, 1992.

Bankers Trust
Company, London

Agent Bank

Hongkong Bank

The Hongkong and Shanghai Banking Corporation Limited
(Incorporated in Hong Kong with limited liability)

U.S. \$400,000,000

PRIMARY CAPITAL UNDATED FLOATING RATE NOTES
(SECOND SERIES)

Notice is hereby given that the Rate of Interest has been fixed at 8% and that the interest payable on the relevant Interest Payment Date June 11, 1992 in respect of \$5,000 nominal of the Notes will be \$69.89 and in respect of \$100,000 nominal of the Notes will be \$1,277.76.

March 11, 1992, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

To the Holders of Warrants to subscribe for shares of common stock of

MR MAX CORPORATION

(the "Company")
(Issued in conjunction with an issue by the Company of
US\$40,000,000

3 1/4% per cent. Guaranteed Bonds 1992)
Notice of Free Distribution of Shares and Adjustment of
Subscription Price

Pursuant to Clause 4(A) and (B) of the Instrument dated 11th August, 1988 under which the above described Warrants were issued, notice is hereby given that on 28th January, 1992 the Board of Directors of the Company resolved a free distribution by way of stock split of shares of common stock of the Company at the rate of 0.05 share for each one share to its shareholders of record as of 31st March, 1992.

As a result of such distribution, the Subscription Price at which shares are issuable upon exercise of the Warrants will be adjusted in accordance with Clause 3(i) of the Instrument from Yen 1,540.20 to Yen 1,466.90 with effect from 1st April, 1992 (Japan time).

MR MAX CORPORATION
By: The Toyo Trust And Banking Company, Limited, as Principal Paying Agent.

THE TOYO TRUST AND BANKING COMPANY
LIMITED
11th March, 1992

U.S. \$150,000,000



Bank of Ireland

(Established in Ireland by Charter in 1783, and having limited liability)

Undated Floating Rate Primary Capital Notes

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from March 11, 1992 to June 11, 1992 the Notes will carry an Interest Rate of 4 1/4% per annum. The interest payable on the relevant interest payment date, June 11, 1992 will be U.S. \$115.19 per U.S. \$10,000 principal amount.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank

March 11, 1992

CHASE

DOMUS MORTGAGE FINANCE NO 1 plc

U.S. \$100,000,000
Mortgage Backed Floating Rate Notes
due 2014

In accordance with the conditions of the Notes, notice is hereby given that for the three month period 6 March 1992 to 8 June 1992 the Notes will carry a rate of interest 10.85 per cent per annum with a coupon amount of \$2798.61.

CHEMICALBANK

As Agent Bank

U.S. \$275,000,000

U.S. \$200,000,000 has been issued as the Initial Tranche

The Bank of New York Company, Inc.

Floating Rate Subordinated Capital Notes due 1997

Notice is hereby given that the Rate of Interest has been fixed at 5.25% p.a. and that the interest payable on the relevant Interest Payment Date, June 11, 1992 against Coupon No. 26 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$134.17.

March 11, 1992, London
By: Citibank, N.A. (CSSI Dept.), Reference Agent

CITIBANK

INTERNATIONAL COMPANIES AND FINANCE

Foster's sees no strategy change as executive resigns

By Kevin Brown in Sydney

FOSTER'S Brewing, Australia's largest brewer, yesterday said its recovery strategy would be unaffected by the resignation of Mr Peter Bartels, chief executive, following a boardroom row.

Mr Bartels, 52, chairman, replaced by Mr Ted Kunkel, chairman of Molson Breweries, the Canadian brewer jointly owned by Foster's and the Molson Companies.

Mr Kunkel, a New Zealander, is a former Foster's executive who headed the group's Carlton and United Breweries subsidiary in Melbourne before being posted to Toronto in 1987 to head Foster's Carling O'Keefe subsidiary.

Mr Clark said Mr Kunkel was the unanimous choice of the board and suggested his previous experience with Foster's, during which he reported to Mr Bartels, would provide management continuity.

He said the appointment would not alter the company's outlook, its commitment to maximising value for all shareholders, or its strategy of selling non-core assets to become a single purpose brewer.

Analysts said Mr Kunkel was regarded as an outstandingly successful head of Molson Breweries, which was created in 1989 from a merger of Carling O'Keefe and Molson's brewing division.

The merger resulted in greater efficiency for both companies following the closure of a number of breweries, rationalisation of competing brands and



Peter Bartels: disagreed with dividend resumption

increased exports to the US. Mr Clark said Mr Bartels' decision to resign "was the result of an amicable arrangement initiated by him in the best interests of the company and its employees".

Mr Bartels is understood to have been prompted to resign by the board's decision to pay an interim dividend for the six months to December, when the group made a net profit of \$47m (US\$59.2m).

The decision reversed the strategy adopted by Mr Bartels and Mr Clark, who persuaded the board to suspend dividend payments after Foster's reported a net loss of \$40m for 1990-91. Mr Bartels argued for a further delay in resuming dividend payments, as part of his attempts to strengthen the group's balance sheet.

He is understood to have had the support of Mr Clark and the group's independent directors. However, the dividend was

forced through after two directors representing Asahi Breweries of Japan, which owns 20 per cent of Foster's, voted with directors representing International Breweries Holdings (IBH), which owns 38 per cent of Foster's.

IBH is controlled by Mr John Elliott, a former chairman and chief executive of Foster's who built the group into an international food, finance and pastoral group under the name Elders Ltd.

Mr Elliott resigned as chairman and chief executive in the wake of a record loss of \$413m in 1989-90, but remains non-executive deputy chairman.

He has led boardroom opposition to Mr Bartels' strategy of strengthening Foster's balance sheet by not paying dividends and seeking the highest prices for asset sales.

The strategy was damaging to IBH, which relies on Foster's dividends for its sole source of income to meet interest payments on debt of about \$2.5bn.

Mr Elliott has also pressed for a capital return to shareholders from the proceeds of asset sales. Mr Bartels survived an attempted coup in November after Asahi refused to vote for an IBH motion at Foster's annual meeting which would have prevented the re-election of independent directors supporting Mr Bartels.

However, Asahi's decision to support IBH demands for an interim dividend appears to have altered the balance of power in the boardroom in Mr Elliott's favour.

De Beers disappoints with 20% decline

By Kenneth Gooding, Mining Correspondent

DE BEERS, the South African mining group which dominates the world's rough (uncut) diamond market, announced yesterday a 20 per cent fall in 1991 net attributable earnings, a result that disappointed most analysts.

However, as expected, De Beers proposed a marginal increase in total dividends, from 111.3 US cents per linked unit, to 113.3 cents.

Excluding the share of retained profits of associates, net attributable profits were \$763m or 201 cents per linked unit against \$950m or 250 cents. Since March 1990 the group has split its operations into De Beers Consolidated in South Africa and De Beers Centenary in Switzerland and shareholders hold linked units.

Including the share of retained profits of associates, combined earnings fell from \$1.317bn or 347 cents to \$1.078bn or 283 cents.

Mr Julian Ogilvie Thompson, chairman, said it was encouraging that De Beers sales of rough diamonds were down by only 6 per cent from the 1990 level and "that the combined profits of De Beers/Centenary have held up as well as they have". He would give no forecast for 1992 but said world diamond cutting centres were in a sound financial position and retail diamond stocks were not believed to be high.

The combined diamond account at \$803m, against the previous year's figure of \$911m, showed a 12 per cent decrease. Analysts said diamond margins were squeezed from 21.9 per cent to 20.4 per cent last year.

As part of its self-imposed role of stabilising the market, De Beers built up its diamond stocks by \$350m to \$1.034bn.

Combined income from investments outside the diamond industry was lower at \$212m, against \$227m, and interest income was \$209m, compared with \$282m, reflecting lower cash balances. Prospecting and research expenditure came to \$116m, against a figure of \$114m.

The combined share of retained profits of associates was \$315m against \$367m, while the combined share of extraordinary losses of associated companies was \$106m, against a profit of \$112m.

Drexel \$1.3bn payout plan cleared

By Nikk Tait in New York

THE DREXEL Burnham Lambert saga has drawn to a close as claimants against the once mighty but now defunct US investment bank gave their support to a \$1.3bn "global settlement plan" and a US judge approved it.

The aim is to settle the hundreds of civil claims and lawsuits brought against the investment bank after it filed for Chapter 11 Bankruptcy Protection in February 1990. Under the scheme, Mr Michael Milken, former head of Drexel's junk bond department, would contribute another \$500m, while some 200 of his former colleagues would provide \$300m from their employee partnership interests.

The approvals came from two federal agencies, the Resolution Trust Company and the Federal Deposit Insurance Corporation.

They had brought multi-billion dollar suits against Drexel and Mr Milken on behalf of failed savings and loan associations, which had been Drexel customers.

Last week the FDIC appeared to jeopardise the settlement when it said it could not approve such a plan without more information about the settling parties.

However, in court, the agency's representative said the board had approved the deal. Officials explained that additional provisions had been attached to the agreement providing for the release of some further information, and allowing the agency to withdraw under certain circumstances.

The Manhattan court heard that settling claimants included the California Insurance Commissioner, who had sued over the collapse of Executive Life, a large Californian life company which was a Drexel customer. Also included

Added to \$100m of insurance money and the \$400m which Mr Milken has paid into a Securities and Exchange Commission disgorgement fund, this will create a \$1.3bn pool. The money will be split between the claimants under court and SEC supervision.

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are the class-action suits on behalf of individual investors. The 200 former Drexel employees have yet to sign up on their portion of the deal, and the judge acknowledged that there was some disagreement over how their relative contributions should be calculated. However, employees who do not back the scheme and choose to continue litigation will lose the right to immunity from any Drexel-related suits in the future.

Separately, a bankruptcy court judge was expected to approve the Drexel "reorganization" plan. This essentially winds up its affairs, leaving only a small business to manage the least liquid assets.

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Added to \$100m of insurance money and the \$400m which Mr Milken has paid into a Securities and Exchange Commission disgorgement fund, this will create a \$1.3bn pool. The money will be split between the claimants under court and SEC supervision.

The approvals came from two federal agencies, the Resolution Trust Company and the Federal Deposit Insurance Corporation.

They had brought multi-billion dollar suits against Drexel and Mr Milken on behalf of failed savings and loan associations, which had been Drexel customers.

Last week the FDIC appeared to jeopardise the settlement when it said it could not approve such a plan without more information about the settling parties.

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Profit turnaround at Paramount

By Alan Friedman in New York

PARAMOUNT Communication, the publishing and entertainment group, produced a modest first-quarter net profit of \$18.4m, helped by earnings from its Hollywood studio and from television and theatrical operations.

The profit for the three months to January 31 translates into 16 cents a share and compares with a \$7.3m loss for the same period a year ago. In the 12 months to last October Paramount suffered a more than 50 per cent drop in net income, to \$122.2m or \$1.03 a share.

Revenues for the first quarter of 1992 improved 19 per cent to \$1.1bn. At the operating level, Paramount's publishing business lost \$29.7m in the first fiscal quarter of 1992, compared with a loss of \$40.8m in the same quarter a year ago.

The publishing loss was reduced thanks to gains in textbook and international book sales.

The entertainment division earned \$73.2m in operating profit in the first quarter, up from \$28.2m a year ago. The earnings were helped by the box office success of two Paramount films: The Addams Family and Star Trek VI, which together total in \$180m.

Earnings were also lifted by home video, pay cable television and some television stations. Television programming

earned less than a year ago. The renovated Madison Square Garden began contributing to profits in the first fully operational period since its relaunch.

Mr Martin Davis, Paramount chairman, said the results were encouraging. But Mr Davis is said by many in the entertainment industry to be casting about for a new acquisition that would offer a lift to Paramount, which is changing the strategy of its Hollywood studio under the new leadership of Mr Brandon Tartikoff, a former NBC executive who joined last year.

On Wall Street, Paramount's share price declined by 3% to \$46 1/2 at midday trading.

Net income up at Dell Computer to \$15.4m

By Martin Dickson in New York

DELL Computer, the fast-growing US personal computer manufacturer, yesterday reported a 73 per cent rise in fourth-quarter net income, helped by a particularly strong increase in European sales.

Dell has enjoyed remarkable growth over the past few years by selling IBM-compatible PCs direct to the customer, cutting out middle-men. But it faces increasingly tough competition in the US from rivals imitating its strategy. For the fourth quarter the company reported net income of \$15.4m, or 62 cents a share, on sales of \$285.7m, compared with income of \$8.6m, or 42 cents a share, on sales of \$167.3m in the fourth quarter of last year.

For the full year it reported income of \$50.9m on sales of \$890m, compared with income of \$27.2m on sales of \$546m the previous year.

Dell, which has been expanding rapidly in Europe, said international revenues in the fourth quarter roughly doubled to \$119.4m, while domestic sales rose 56 per cent to \$166.3m.

Despite a drop in gross margins, due to price cutting, the company said net income as a percentage of sales rose from 5.2 to 5.4, due to a drop in operating expenses, tax benefits associated with production from the company's new plant in Ireland and strong management of working capital.

merger would result in the creation of a gold company with "strong fundamentals and improved marketability of shares" which should make it attractive to investors.

Shareholders will vote on the proposed merger later this month.

In a separate announcement, ACM Gold said net profits fell to \$53.6m for the six months to December, compared with \$112.8m in the previous first half. Revenue was down from \$119m to \$102m.

The company said the result was struck after abnormal charges of \$14.9m relating to the write back of future tax benefits which are no longer certain of recovery, and provisions against the carrying value of some assets and investments.

Mr de Crespigny said the group's operating profit of

AS\$9m on sales revenue of AS\$220m was "a very pleasing result in the light of weak commodity prices".

Poseidon Gold (Pogold), the group's 76 per cent-owned gold mining arm, reported a consolidated profit of \$53.6m, an increase of 22 per cent over the earlier period.

However, Pogold incurred a tax charge of \$20.5m, following the removal by the federal government of a tax exemption for gold mining.

Pogold announced during the period that it plans to merge with Mt. Leysholt Gold Mines and ACM Gold, formerly part of Australian Consolidated Minerals, which is controlled jointly by Normandy Poseidon and Western Mining Corporation.

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Japanese banks account for fraud

By Robert Thomson in Tokyo

FUJII Bank and Tokai Bank, two of the largest Japanese commercial banks, have revised their profits forecasts down sharply to account for fraudulent loan practices uncovered last summer and the continued weakness of the stock market.

Fuji Bank forecast pre-tax profits of ¥140bn (¥1.06bn) for the year ended March 31, a 36.3 per cent reduction from earlier predictions. In 1990 Fuji made pre-tax profits of ¥204bn.

The bank said that it made a transfer to reserves to cover

loan losses arising from fraud and weak stock prices but did not specify the amounts set aside.

The main loan loss from fraud is likely to arise from ¥17bn loans advanced by finance companies which were secured on forged certificates of deposit supplied by a Fuji bank employee. Mr Taiso Hashida, chairman, resigned following the discovery of the fraud.

Tokai Bank, the seventh largest Japanese bank by assets, said that it had made a

¥50bn specific provision to cover losses arising from a similar fraud uncovered in July.

The bank has said that it will assume full responsibility for ¥82.5bn loans made by finance companies to Tokai clients, although it remains unclear whether any of the loans are recoverable.

The provision contributed to a 24.5 per cent cut in Tokai's profit forecast for the current financial year. The bank now expects to report pre-tax profits of ¥83bn.

FT/ISMA INTERNATIONAL BOND SERVICE

Used are the latest international bonds for which there is an adequate secondary market. Closing prices on March 10

U.S. DOLLAR STRAIGHTS	Yield	Offer	Ask	Yield	Offer	Ask
ALBERTA PROVINCIAL 5 3/8% 91	6.00	107 1/2	107 1/2	6.00	94	94
ALBERTA PROVINCIAL 5 3/8% 92	6.00	107 1/2	107 1/2	6.00	94	94
AUSTRIA 12 1/2% 91	10.00	102 1/2	102 1/2	10.00	94	94
BANK OF TORONTO 5 3/8% 91	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 91	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 92	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 93	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 94	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 95	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 96	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 97	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 98	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 99	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 00	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 01	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 02	6.00	107 1/2	107 1/2	6.00	94	94
BELGIUM 5 3/8% 03	6.00	107 1/2	107 1/2	6.00	94	94

FT LAW REPORTS

French property question is referred to European Court

WEBB v WEBB
Court of Appeal
(Lord Justice Nourse, Lord Justice Taylor and Lord Justice Scott)
February 27 1992

THE EUROPEAN Court of Justice is to be asked to make a preliminary ruling as to whether the effect of the 1968 Brussels Convention is that French courts have exclusive jurisdiction to hear a case concerning French property bought by an English father in his son's name, for the alleged purpose of a trust in the father's favour.

If on the true construction of article 16 of the Convention the object of the claim is to establish rights of ownership in land, French courts have exclusive jurisdiction. If the object is to enforce personal rights arising from arrangements between father and son analogous to contract, the English court has jurisdiction.

The Court of Appeal adjourned an appeal by the defendant son, Mr Lawrence Desmond Webb, from a decision of Judge Paul Baker QC sitting as a High Court judge, dismissing his application for summary judgment of an action brought against him by his father, Mr George Lawrence Webb.

LORD JUSTICE SCOTT said that an agreement to purchase a property in Antibes, France, was concluded between the vendor and Mr George Webb, the father, in July and August 1971.

In October 1971 the purchase was completed and the property was transferred into the name of Mr Lawrence Webb, the son.

The purchase price of FF600,000 was provided by the father and was placed pending completion in an account in the son's name at the Antibes branch of Barclays Bank.

Payment to the vendor was made out of the funds in that account.

The necessary exchange control permissions from the Bank of England were obtained on the footing that the property would be purchased in the name of the son.

After the purchase the property was used by the father and his wife, as well as by the son, as a holiday home.

The bulk of the outgoings since purchase had been borne by the father.

The father contended that it was agreed between him and his son that the son would hold the property in trust for him. He contended that he was entitled to the use and enjoyment of the property to the exclusion of the son, and to require the son to transfer the property into his name.

The son contended that the property and its contents were a gift to him from the father.

The 1968 Brussels Convention was incorporated into domestic law by section 2 of the Civil Jurisdiction and Judgments Act 1982.

Section 3(1) of the Act provided that any question as to the meaning or effect of the Convention should, "if not referred to the European Court in accordance with the 1972 Protocol", be determined in accordance with European Court decisions.

Section 3(2) provided that the report by Professor Schlosser on the Accession Convention might be considered in ascertaining the meaning or effect of any provision of the Convention.

Article 16 of the Brussels Convention (section 5 Title II) provided that "(1) in proceedings which have as their object rights in rem in immovable property, the courts of the contracting state in which the property is situated" should have exclusive jurisdiction.

The issue was whether the action constituted "proceedings which have as their object rights in rem in immovable property". If it did, then the courts of France, being the contracting state in which the property was situated, had exclusive jurisdiction and the English action should be dismissed.

The judge concluded that the

action was not caught by article 16(1). The son appealed. The case for allowing the appeal was that the father was bringing the action in order to establish his rights of ownership of the property. The property was "immovable property". Rights of ownership were rights in rem. So the action was covered by article 16(1).

The case for dismissing the appeal was that the father and son both intended, when the property was purchased in 1971, that it would be put in the son's name. The rights asserted by the father in the action derived from the arrangements between father and son when the property was purchased. Those rights were in personam rights, not in rem rights. They had nothing to do with French land law. They were analogous to rights deriving from contracts for the sale of land. Actions for enforcement for sale of land were not, according to the Schlosser report, caught by article 16(1) (see paragraphs 171 and 172 of the Report).

There were two European court decisions in which dicta bore on the issue (see *Rosier v Rosier* [1989] 1 CMLR 806 and *Reichert v Dresner Bank*, January 10 1990, Case C-11/89). Those dicta were not, however, conclusive of the issue.

The 1971 Protocol also was incorporated into domestic law by the 1982 Act, and was set out in Schedule 2 to the Act.

Under article 3(2) of the Protocol the present court was empowered to request the European Court of Justice to give a preliminary ruling on a question of interpretation of the Brussels Convention "if it considers that a decision on the question is necessary to enable it to give judgment".

A preliminary ruling should be sought from the European Court before judgment was given on the present appeal. If it had been necessary to give final judgment now, his Lordship would have dismissed the appeal on the ground that the "object" of the action was the enforcement of rights in personam arising out of the arrangements between father and son, not rights in rem, and that accordingly the action was not caught by article 16(1).

But the matter was not clear, particularly as Lord Justice Nourse was in disagreement. Moreover, if the English court wrongly retained the action, the French courts might decline to enforce any orders made (see article 28).

The proper scope of article 16(1) might depend on identification of the policy underlying the article. The European Court was the appropriate forum to identify the correct purposive interpretation of article 16(1) in its application to the facts of the case.

Therefore, the court should request the European Court to give a preliminary ruling on the question whether, on the true interpretation of article 16(1), the present proceedings were proceedings in respect of which the courts of France had exclusive jurisdiction.

Pending the preliminary ruling, the appeal was adjourned.

LORD JUSTICE TAYLOR agreed.

LORD JUSTICE NOURSE said that the "object" of the action, by which was meant the subject matter, was a right in rem in immovable property within article 16(1) of the Brussels Convention.

He would have allowed the appeal and dismissed the action.

But the division in opinion meant that a decision of the European Court on the question was necessary to enable the court to give judgment.

He therefore agreed that a preliminary ruling of the European Court should be requested under article 3(2) of the 1971 Protocol.

For the son: Mark Blackett-Ord and Barbara Rich (William Sturges & Co).

For the father: Michael Briggs (Bower Cotton & Bower).

Rachel Davies
Barrister

SWINDON

The FT proposes to publish this survey on April 15, 1992 from its print centres in Tokyo, New York, Frankfurt, Paris and London. It will be read by senior businessmen and government officials in 160 countries world-wide. It will also be of particular interest to the 130,000 directors and managers in the U.K. who read the weekly FT. If you want to reach this important audience with your services, expertise or products whilst maintaining a high profile in connection with Swindon call

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FT SURVEYS

De Beers



De Beers Consolidated
Mines Limited
(Incorporated in the Republic of South Africa)
(Company Registration No. 11/0007388)



De Beers
Centenary AG
(Incorporated under the laws of Switzerland)

RESULTS FOR THE YEAR ENDED 31 DECEMBER 1991

- Combined total dividends for the year marginally increase in US dollar terms to 112.1 cents (1990: 111.3 cents) and increase by 8 per cent in Rand terms to 307.5 cents (1990: 285.3 cents).
- Following 6% lower CSO sales, attributable earnings decline by 20%, but diamond account performs creditably at US\$803 million (1990: US\$911 million).

EXTRACTS FROM THE UNAUDITED PRO FORMA COMBINED INCOME STATEMENT AND BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 1991

ATTRIBUTABLE TO THE DE BEERS/CENTENARY LINKED UNITS

PRO FORMA COMBINED INCOME STATEMENT

Rand millions	1990	1991	US\$ millions	1990	1991
2,335	2,202	2,335	803	911	803
581	581	581	212	227	212
722	573	722	209	282	209
3,172	2,832	3,172	1,033	1,237	1,033
652	696	652	254	254	254
2,436	2,093	2,436	763	950	763
3,376	2,954	3,376	1,078	1,317	1,078
350	380	350	380	380	380
641c	590c	641c	201c	250c	201c
888c	777c	888c	283c	347c	283c
68.0c	87.0c	68.0c	31.7c	26.5c	31.7c
217.3c	220.5c	217.3c	80.4c	84.8c	80.4c
285.3c	307.5c	285.3c	112.1c	111.3c	112.1c

PRO FORMA COMBINED BALANCE SHEET

Rand millions	1990	1991	US\$ millions	1990	1991
20,377	22,227	20,377	8,102	7,951	8,102
328	348	328	126	128	126
2,693	3,404	2,693	1,241	1,051	1,241
23,398	25,979	23,398	9,469	9,130	9,469
2,591	2,968	2,591	1,081	1,011	1,081
10,012	11,175	10,012	4,073	3,907	4,073
6,879	8,324	6,879	3,034	2,684	3,034
1,328	1,646	1,328	600	600	600
328	339	328	124	128	124
2,050	1,527	2,050	557	800	557
23,398	25,979	23,398	9,469	9,130	9,469
23,688	26,876	23,688	8,385	6,988	8,385
8,552c	9,528c	8,552c	3,102c	2,744c	3,102c
R2.56	R2.74	R2.56	R2.74	R2.56	R2.56

DIVIDENDS

Notices of final dividends declared or recommended by De Beers/Centenary are published elsewhere in this newspaper.

COMMENT

Against the background of worldwide economic slowdown it is encouraging that CSO sales of rough diamonds should have been down by six per cent only, that overall retail sales of diamond jewellery look to have been maintained in US dollar terms at the satisfactory level of 1990 and that the combined profits of De Beers/Centenary should have held up as well as they have.

The diamond cutting centres are in a sound financial position and retail stocks are not believed to be high. We look forward to an upturn in world economic activity later in the year which will lead to increased diamond business.

DIRECTORATE

Mr E.P. Gush has been elected a director of De Beers Consolidated Mines Limited and the board of De Beers Centenary AG will recommend that he be elected a director of that company at the Annual General Meeting to be held in Lucerne on 13 May 1992.

Copies of the provisional annual financial statements and dividend notices will be posted to linked unit holders on or about 12 March 1992 and will also be available from the following offices:

De Beers Consolidated Mines Limited
36 Stockdale Street
Kimberley
South Africa

De Beers Centenary AG
Langensandstrasse 27
CH-4000 Lucerne 14
Switzerland

Anglo American Corporation
of South Africa Limited
40 Holborn Viaduct
London EC1P 1AJ

De Beers



De Beers Consolidated
Mines Limited
(Incorporated in the Republic of South Africa)
(Company Registration No. 11/0007388)



De Beers
Centenary AG
(Incorporated under the laws of Switzerland)

Dividend declaration notices for the year ended 31 December 1991

De Beers Consolidated Mines Limited

On Tuesday, 19 March 1992, the directors of the Company declared a final dividend (No. 144) on the linked deferred shares for the year ended 31 December 1991 as follows:

Amount per deferred share (South African currency)	59c
Last day to register for dividend (and for changes of address or dividend instructions)	Friday, 27 March
Registers closed from (to inclusive)	Saturday, 28 March Friday, 10 April
Ex-dividend	Monday, 30 March
Currency conversion date for sterling payments to shareholders paid from London	Monday, 30 March
Dividend warrants posted	Tuesday, 26 May
Payment date of dividend	Wednesday, 27 May
Rate of non-resident shareholders' tax	10.434 per cent

The full conditions relating to the payment of the dividend may be inspected at the Head Office and the office of the London Secretaries of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

De Beers Centenary AG

CENTENARY HOLDINGS
On Tuesday, 10 March 1992, Centenary Holdings (the Luxembourg-based wholly-owned subsidiary of De Beers Centenary AG) declared the following dividends payable to holders of its participation certificates registered as such at the close of business on Friday, 27 March 1992:

A preferential dividend of US\$12 per participation certificate (equal to 12 US cents per Centenary depositary receipt) and
A final dividend of US\$46 per participation certificate (equal to 46 US cents per Centenary depositary receipt).

DE BEERS CENTENARY AG
On Tuesday, 10 March 1992, the directors of De Beers Centenary AG announced that, at the annual general meeting of De Beers Centenary AG expected to be held on Wednesday, 13 May 1992, they will recommend to shareholders that a dividend of Sfr 10 (equivalent to US\$7.39 converted at the rate of exchange ruling on 31 December 1991) per share (equal to 10 Swiss centimes (7.4 US cents) per Centenary depositary receipt) be declared payable to shareholders registered as such at the close of business on Friday, 27 March 1992.

DISTRIBUTION BY CENTENARY DEPOSITARY AG (THE DEPOSITARY)
In accordance with the provisions of the Deposit Agreement dated 29 May 1990, the Depositary will distribute, as dividend distribution No. 4, the dividends mentioned above which it receives from De Beers Centenary AG and Centenary Holdings to holders of Centenary depositary receipts who are registered as such at the close of business on Friday, 27 March 1992 and to persons presenting coupon No. 4 detached from the relevant Centenary depositary receipt. Subject to the approval of the shareholders of De Beers Centenary AG at its said annual general meeting, dividend distribution No. 4 will be as follows:

Amount per depositary receipt	Sw/cts	US cents
- attributable to Centenary Holdings		12.0
- preferential dividend		46.0
- final dividend		58.0
- attributable to De Beers Centenary AG	10.0	7.4
Total dividend distribution		65.4

Last day to register for dividend (and for changes of address or dividend instructions)	Friday, 27 March
Registers closed from (to inclusive)	Saturday, 28 March Friday, 10 April
Ex-dividend	Monday, 30 March
Currency conversion date for payments to depositary receipt holders paid from London/Johannesburg	Monday, 30 March
Dividend distribution warrants posted	Tuesday, 26 May
Payment date of dividend distribution	Wednesday, 27 May
Rates of withholding tax	
- on Luxembourg portion of dividend distribution	Nil
- on Swiss portion of dividend distribution	35 per cent

The portion of the dividend distribution which will emanate from De Beers Centenary AG is subject to Swiss withholding tax at a rate of 35 per cent. However, receipt holders who are resident in countries which are party to Double Taxation Treaties with Switzerland may be entitled to a refund of a portion of the Swiss withholding tax and receipt holders should communicate with their domestic Revenue authorities to ascertain their right, if any, to claim such a refund and the appropriate procedure for doing so. Receipt holders who are resident in:

- the Republic of South Africa will be entitled to claim a refund of 27.5 per cent resulting in a net withholding tax at the Treaty rate of 7.5 per cent, as set out below;

- the United Kingdom will be entitled to claim a refund of 20 per cent resulting in a net withholding tax at the Treaty rate of 15 per cent, as set out below.

Because of the large number of receipt holders resident in South Africa and the United Kingdom arrangements have been made with the appropriate authorities for the Depositary to claim such refund on behalf of those South African receipt holders who complete and return the Declarations which will be posted to them and on behalf of those receipt holders whose registered addresses are situated within the United Kingdom, who have U.K. tax deducted from their dividend distribution at the basic rate and who complete and return the Declaration which will be posted to them. Such Declarations will be posted on or about Thursday, 12 March 1992 and should be returned to the offices of the respective transfer secretaries in South Africa or the United Kingdom on or before Friday, 10 April 1992. It is anticipated that the refund will be distributed to such receipt holders together with dividend distribution No. 4. South African or United Kingdom receipt holders who fail to return such Declarations by 10 April 1992 may still be able to claim their refund independently by completing a Form 92 (South Africa) which may be obtained from the offices of the South African transfer secretaries, or a Form 66 (United Kingdom) which may be obtained from the offices of the United Kingdom transfer secretaries.

The full conditions relating to the payment of the dividend distribution may be inspected at the Head Office and United Kingdom agent's office of the Depositary and also at the offices in Johannesburg and the United Kingdom of its transfer secretaries.

De Beers Consolidated Mines Limited Head Office: 36 Stockdale Street Kimberley South Africa London Secretaries: Anglo American Corporation of South Africa Limited 40 Holborn Viaduct London EC1P 1AJ	De Beers Centenary AG Head Office: Langensandstrasse 27 CH-4000 Lucerne 14 London agent of Centenary Depositary AG: Anglo American Corporation of South Africa Limited 40 Holborn Viaduct London EC1P 1AJ
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Transfer Secretaries in respect of De Beers/Centenary linked units:
Consolidated Share Registrars Limited
40 Commission Street
Johannesburg, South Africa
P.O. Box 61051, Marshalltown 2107

Barclays Registrars
34 Beclunham Road
Beckenham
Kent BR3 4TU

OUT TODAY: 1992 Edition of THE MODERN CHANCERY BAR

Directory of the Chancery Bar Association

The 620-strong Chancery Bar Association is an Association of Barristers whose members specialise in property, companies, financial services, trusts, insolvency, wills, probate, intellectual property, claims of unconscionable conduct and City fraud; and in all branches of commercial law save shipping. The new Directory has been prepared by working members of the Chancery Bar. It contains an up-to-date list of members, a detailed, indexed description of their practices, both in general and by chambers, availability for Direct Professional Access, and much other useful information. The Vice-Chancellor has welcomed the new edition, as "a convenient means by which those who seek assistance with litigation or other advice in the fields mentioned in this directory may save the time and expense of having to call on."

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MERRILL LYNCH MULTINATIONAL INVESTMENT

PORTFOLIOS - GLOBAL CURRENCY BOND SERIES

Société d'Investissement à Capital Variable

2, boulevard Royal, Luxembourg
R.C. Luxembourg B-29815

To our shareholders,
We have the honour to invite you to attend the protracted

ANNUAL GENERAL MEETING

of shareholders of MERRILL LYNCH MULTINATIONAL INVESTMENT

PORTFOLIOS - GLOBAL CURRENCY BOND SERIES, which will take place at the

offices of Banque Internationale à Luxembourg, 69, route d'Ath, L-1470

Luxembourg, on Friday March 27, 1992 at 3.00 p.m. for the purpose of considering

and voting upon the following agenda:

1. Submission of the reports of the Board of Directors and of the Auditors.

2. Approval of the Statement of Net Assets as of November 30, 1991 and the Statement of Operations for the year ended November 30, 1991.

3. Allocation of the net results. Declaration on the distribution of a dividend in respect of certain portfolios.

4. Discharge of the Directors.

5. Election or reelection of the Directors.

6. Miscellaneous.

Resolutions on the agenda of the Annual General Meeting will require no quorum and will be taken at the simple majority of the votes expressed by the shareholders present or represented at the meeting.

THE BOARD OF DIRECTORS

UK COMPANY NEWS

Richard Lines resigns from MTM

By Richard Gourlay

MR RICHARD LINES, the chairman and founder of MTM resigned yesterday following a tumultuous week in which the speciality chemical manufacturer's market value fell by more than two thirds as a result of two profits warnings.

Mr Tom Baxter, the finance director, will also step down following completion of the audit of the 1991 results, the publication of which has been delayed by protracted discussions with the auditors. The resignations end a stormy relationship between Mr Lines and his City backers who have for some time questioned some of MTM's less-than-conservative accounting policies. Many institutions also

objected to Mr Lines' autocratic and centralised management style. "He did not have a very high opinion of people in the City," said one leading chemicals analyst. "He was an example of the kind of people running public companies who would rather be running a private company."

The resignations leave shareholders with no clearer idea of the value of their company's assets or the 1991 profits which MTM will now release on March 31. The share price closed at the end of the day down 14p at 105p.

Mr Donald Mackay will become non-executive chairman. He has been a non-exec

utive director since 1986 and a former director of finance at ICI Chemicals and Polymers.

The board is otherwise unchanged from February 2 when MTM told the markets, institutions and apparently Robert Fleming, its merchant bankers, that the only disagreement with its auditors was over application of accounting policy.

The disagreement, MTM said had no impact on trading profits or on the company's cash position.

Last Monday MTM followed this statement with a second announcement that trading profits would be significantly below what the City had been expecting.

Lead actor leaves stage of hidden drama

Richard Gourlay on the background to MTM's recent profit warnings

THERE could hardly have been a worse time for MTM to break bad news to the market. Within one week the speciality chemicals manufacturer has twice had to issue a profits warning. Mr Richard Lines, the chairman, chose to describe the first as the result of a difference of opinion between MTM and its auditors over asset valuation that would not affect trading profits.

By Monday, however, MTM had decided that trading profits would indeed be lower than the City expected.

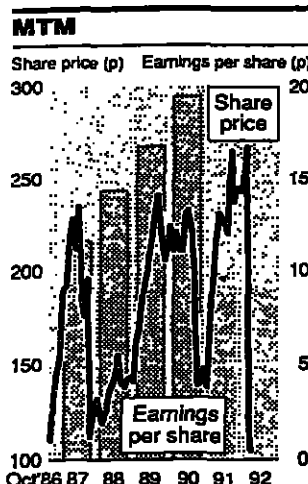
MTM's shares fell to a third of their value a fortnight earlier, and shareholders were not in the least surprised yesterday when Mr Lines resigned.

About the only clear picture to emerge from the uncertainty surrounding the last week of Mr Lines, the MTM board and its merchant bank, Robert Fleming, with varying degrees of egg on their faces.

Certainly shareholders have no clear view about the underlying health of the business, which Mr Lines founded in 1979 and built into one of the fastest growing stocks of the 1980s.

And despite assurances from Mr Chris Swinson, national managing partner of Bristle Hamlyn, MTM's auditors, that "the problems have not changed" between announcements, analysts remained convinced that something dramatic had happened last week to change the company's view on 1991 trading profits.

The auditors are concerned about MTM's valuation of its assets. Specifically MTM capitalises development expendi-



Richard Lines: differences over asset valuations

sector that analysts recently said reflected this residual wariness about the accounting.

What is more, these two items were only expected to have boosted profits by about £2.5m in 1991 out of profits forecast at £3.5m.

If MTM has faced a problem commissioning a plant, the auditors may have wanted to see the costs written off through the P&L as would a prior year adjustment to asset values. But analysts were puzzled why this should have any impact on trading profits.

The problem with MTM's trading profits comes only five months after Mr Lines sold 1.25m shares at 247p for "long-term tax and estate planning reasons", according to the share watch service BRL. This sale reduced Mr Lines' stake in the company to 6.26 per cent.

Mr Lines set up MTM - then called Marlborough Technical

Management - in 1979 as a consultancy to the chemicals industry. The foundations for growth were two fine chemicals manufacturing projects which he set up from scratch and sold very quickly making a £1m profit from each.

Marlborough's rapid growth caught the attention of ICI, where Mr Lines had spent 11 years, and the UK's largest private company set up a joint venture in which MTM had a 51 per cent stake.

It quickly developed a substantial business supplying the fine chemical ingredients to large pharmaceutical companies and came to the market with a bang in 1986 with a market capitalisation of £40m.

Growth sprang from a substantial capital expenditure programme and Mr Lines' undoubted ability to "do a deal", analysts say. Between flotation and 1990, the group spent £120m on acquisitions and £71m on fixed assets, leaving in the process £88m of its paper. At its peak in mid-February MTM's market capitalisation had risen to £256m.

Following his resignation yesterday, Mr Lines insisted that the application of accounting policies was a technical matter, and in any event had a "one off" impact. It had no bearing on the good performance of the company. MTM was profitable, demand in 1992 remained strong and reaction to the last week's events had been overdone.

His plea for the City to support what he called "one of the few successful manufacturing companies in Britain in the last two decades" came, however, too late.

Receivers in at West End property company

By Vanessa Houlder, Property Correspondent

RANDSWORTH Acquisition, a property company with a £350m portfolio of West End offices and shops, has gone into administrative receivership.

Randsworth was bought by JMB Realty Corporation, a Chicago-based fund, for £258m at the peak of the property market in July 1989, its move into the UK, which reflected the relatively high returns available, was highly unusual for a US investor.

Mr Tim Hayward and Mr Roger Oldfield of KPMG Peat Marwick who have been appointed administrative receivers, said they intended to avoid any fire sales. "It is our present intention to permit the operating subsidiaries to continue through their existing management with a view to enhancing their long term value," said Mr Hayward.

The main operating subsidiary is London and Provincial Shop Centres Group. Its accounts for the year to 30 June were "qualified by the auditors as to whether preparation on a going-concern basis was appropriate because the company and certain other group companies have failed to make capital and interest payments to their bankers".

The appointment of administrative receivers comes at the end of several months of discussion between the shareholders and its bankers, chiefly Citibank.

Mr Hayward said the portfolio had been acquired on a highly leveraged basis.

He estimated that the debts were between £350m and £400m.

DTI to investigate more share dealings connected with Wace

By Bronwen Maddox

THE DEPARTMENT OF Trade and Industry yesterday widened its investigation into share dealings connected with Wace Group, the printing company.

The two DTI inspectors investigating Wace are now looking at share dealings in two further quoted companies. Tinsley Robor, a printing company which Wace considered taking over in early 1990, and in European Colour, a Stockport-based manufacturer of chemical colours.

The DTI said yesterday that the share deals it was investigating "might have been a preliminary to a possible takeover or merger" but that it was not looking at the affairs of either company.

The DTI declined to comment on the targets of the inquiry but it is understood that one of the share deals in the inquiry is a 7.1 per cent stake in European Colour in the name of J. Riley.

European Colour could not confirm yesterday whether this shareholder was Mrs Jayne Riley, the half sister of Mr

John Clegg, Wace's managing director who resigned suddenly two months ago.

However, Mr Mike Armitage, managing director of European Colour, said the J. Riley share holding, shown in the accounts dated March 1991, had "transmogrified" out of a 5 per cent shareholding of a K. Riley, bought in October 1986, when the company was known as Horace Cory. Mrs Jayne Riley's husband is Mr Keith Riley.

Following Mr Clegg's departure, the DTI launched an inquiry under Section 442 of the Companies Act into the "membership" of Wace Holdings UK, a subsidiary of Wace Group previously known as Parkway, a printing company which Wace took over in 1990. "Membership" covers all persons financially interested in the company.

A dossier passed by Wace to the DTI showed that nearly 10 per cent of the shares in Parkway had been bought and registered in the names of members of Mr Clegg's family and others connected with them in the months before Wace's bid.

Many of the share purchases were in the names of Mrs Jayne Riley and Mr Keith Riley.

Mr Clegg has said through his solicitors that he has "never acted on nor provided to others any price-sensitive information" and is happy to co-operate with the DTI.

A similar pattern of buying Tinsley Robor shares about the time of Wace's interest has subsequently emerged, with registration in many of the same names - including that of Mr Keith Riley.

Yesterday, Mr Armitage said that European Colour had never received an approach from Wace about a takeover or merger, but added that the company had been trying to uncover the identity of several shareholders controlling around 7 per cent for several years.

It had found this search "exceptionally difficult" because of the use of nominee names by some shareholders, but was now "aware of links" between several beneficiaries.

Saatchi predicts gloomy outlook

By Gary Mead, Marketing Correspondent

THE WORLD advertising industry can expect only the faintest of upturns this year, Mr Robert Louis-Dreyfus, chief executive of Saatchi & Saatchi, said yesterday as he unveiled a dismal set of results for the group's advertising and marketing services group.

Worldwide revenues were likely to rise by only 1 per cent at best. But in the US, where Saatchi generates about half its turnover, a further decline of some 3 per cent in real terms was expected.

With group revenues showing no improvement this year, Mr Louis-Dreyfus was planning more cost cuts - the prime target being the wage bill. The group's 12,900 employees earned an average £23,250 each last year.

Some 300 executives were earning more than £150,000 a year. They were about to be asked to forgo large fixed salaries for the promise of considerably more through performance bonuses when - or if - the fat days return.

Moreover, the group still had to hand out some £20m of ear-out payments over the next three years, only £5m of that in shares.

The City remained cautious about Saatchi's prospects after yesterday's news of a £28.8m loss after exceptional items for the 15 months ended December.

Analysts are forecasting pre-tax profits rising to some £40m in 1993 and about £70m in 1994. The only immediate blip on the horizon is the probable loss of the £30m Rover account.

Wates City of London net assets fall 40%

By Vanessa Houlder, Property Correspondent

WATES CITY of London, the property company, yesterday announced a 40 per cent fall in its net assets in 1990, from 250p per share to 151p. The pre-tax profit was £8.17m, down from £30.5m, which was boosted by an exceptional item of £22.1m.

The worst affected part of the portfolio was the development properties which fell by 44 per cent, while the value of investment properties fell by 18 per cent.

The decline in assets was "clearly a most disappointing outcome", said Mr Dundas Hamilton, chairman, although he hoped that asset values had reached their low point. Companies were delaying office relocations and investment purchases until after the election.

Net rental income increased from £14.8m to £15m, as rent reviews and the acquisition of an additional investment property compensated for the continued loss of rent on properties held for development.

At the year end, the company's borrowings were £91.2m, giving leverage of 50 per cent. The net debt of its joint venture companies was £39.3m. Earnings per share fell from 23.19p to 4.35p. A final dividend of 2.56p is proposed giving an

unchanged total of 3.73p.

COMMENT

To judge by the yawning gulf between Wates' net assets and its share price, shareholders do not believe that the halving of the net asset value over the last two years is the end of the story. The share price, having fallen by 14 per cent over the past three weeks to 70p, is on a 54 per cent discount to net assets. In part, this reflects concern about the difficulties in securing tenants for development properties, although the pain will be shared with its joint venture partners. More generally, Wates is hemmed into virtually the worst property market ever seen in the UK. The square mile is suffering disproportionately from the building bonanza of the late 1980s, the recession in the financial services industry and the evaporation of foreign investment which pushed up prices on trophy buildings. Many analysts do not expect a re-emergence of capital growth until 1994. Even though Wates is largely seen as a well managed company with good tenants and good buildings, investors are unlikely to be drawn to a stock where recovery prospects are so distant.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for dividend year	Total for test year
American Trust	3.3	May 7	3.25	4.8	4.7
BM Group	2.11	May 29	1.8	-	3.4
Castle Combs	4	Jun 15	4	-	8.5
Clondalkin	2.683	Jun 15	2.484	4.381	4.056
Glynwed	7.5	Jul 2	7.5	11.65	11.85
Leopold	1.6	Apr 1	1.16	-	3.5
Pacer Systems	3.51	Jun 15	3.5	6.5	6.5
Plexicon	2	May 7	1.5	3	4.5
Strong & Fisher	14	May 29	nil	1	2
Wates City Ltd	2.56	May 6	2.56	3.73	3.73
Weyville	1.241	Apr 30	2.29	3.72	3.73

Dividends shown penny per share net except where otherwise stated. Equivalent after allowing for scrip issue. † US cents, ‡m capital increased by rights and/or acquisition issues. \$USM stock. †US cents. *18 months. †Irish currency.

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Redeemable Convertible Preference Shares 2004 ("RCPS")

Notice is hereby given to the holders of the RCPS that on 6th March, 1992 THORN EMI plc announced an issue by way of rights of units of convertible unsecured loan stock (automatically convertible into new ordinary shares of 25 pence each in THORN EMI plc) which have been provisionally allocated to holders of ordinary shares of 25 pence each in THORN EMI plc on the register of members on 6th March, 1992 (excluding certain overseas holders).

As a result of such issue and in accordance with the terms of the Deed Poll constituting the RCPS it is anticipated that an adjustment may be required to be made to the conversion price at which the RCPS are convertible into ordinary shares of 25 pence each in THORN EMI plc.

If holders exercise their conversion rights in relation to the RCPS after 10th March, 1992 but prior to the date such adjustment (if any) becomes effective, they will be entitled to be issued with additional ordinary shares as if the adjustment (if any) to the conversion price had been made as at 10th March, 1992.

11th March, 1992

HSBC Holdings plc

Incorporated in England with limited liability. Registered number 617987
Group Head Office: 1 Queen's Road Central, Hong Kong
Registered Office: 99 Bishopsgate, London, EC2P 2LA, United Kingdom

ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held on Level 18, 1 Queen's Road Central, Hong Kong, on Tuesday 26 May 1992 at 3.00 p.m. to transact the following ordinary business:

- to receive and consider the Annual Accounts and the Reports of the Directors and of the Auditors for the year ended 31 December 1991 and to declare a final dividend;
- to re-elect Directors;
- to fix the remuneration of Directors;

and by way of special business to consider and (if thought fit) pass the following resolutions which will be proposed as Ordinary Resolutions:

- THAT KPMG Peat Marwick (Chartered Accountants) be and are hereby appointed Auditors of the Company from the conclusion of this Meeting until the conclusion of the next General Meeting of the Company at which accounts are laid, at remuneration to be fixed by the Directors;
- THAT the Directors be and they are hereby generally and unconditionally authorised pursuant to and for the purposes of section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) of an aggregate nominal amount of not exceeding £2,683,180 provided that this authority shall be limited so that, otherwise than pursuant to (i) a rights issue where relevant securities are offered to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognised regulatory body or stock exchange in any territory outside Hong Kong or otherwise howsoever), or (ii) any scrip dividend scheme or similar arrangements implemented in accordance with the Articles of Association of the Company, the nominal amount of the relevant securities to be allotted by the Directors pursuant to this authority shall not in aggregate exceed £2,683,180 (equal to 5 per cent of the nominal amount of the issued Ordinary share capital of the Company as at the date of this Meeting) and such authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1993 save that this authority shall allow the Company before the expiry of this authority to make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired;

and the following resolution which will be proposed as a Special Resolution:

- THAT, subject to the passing of Resolution No. 5 set out in the Notice convening this Meeting, the Directors be and they are hereby empowered, pursuant to section 95 of the Companies Act 1985 ("the Act"), to allot equity securities (as defined in section 94 of the Act) pursuant to the authority conferred by the aforesaid Resolution No. 5 as if section 89 (1) of the Act did not apply to any such allotment, provided that this power shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1993 save that this power shall enable the Company prior to the expiry of this power to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

By Order of the Board
R G Barber
Secretary

Hong Kong, 10 March 1992

Notes

- A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member. Completion and return of an instrument appointing a proxy will not preclude a member from attending and voting in person at the Meeting.
- In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority certified notariably or in some other way approved by the Board, must be deposited at the offices of the Registrars, National Westminster Bank PLC, Registrar's Department, PO Box 82, Cannon House, Redcliffe Way, Bristol BS50 7NH, United Kingdom, or at the offices of the Registrars in Hong Kong, Central Registration Hong Kong Limited, Hopewell Centre, 19th Floor, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time of the holding of the Meeting (or any adjourned meeting).
- In the case of joint registered holders of any share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names of the holders stand in the Principal Register or the Hong Kong Overseas Branch Register as appropriate.
- Consequent upon the commencement of Part II of the Companies Act 1989 the auditors of the Company to be appointed at this Meeting are required to be a member of a recognised supervisory body in the United Kingdom. Accordingly, KPMG Peat Marwick (Chartered Public Accountants) retire as Auditors at this Meeting and do not seek reappointment. KPMG Peat Marwick (Chartered Accountants), which is an associated firm of the retiring Auditors and which is also resident in Hong Kong, has been authorised by the Institute of Chartered Accountants in England and Wales as a Registered Auditor and is accordingly eligible for appointment. Special Notice to propose Resolution No. 4 has been received.
- The general purpose of the authority to be conferred on the Directors by Resolutions Nos. 5 and 6 above is to enable the Directors to issue shares up to a specified number without having first to obtain the consent of shareholders in general meeting. The need for such an issue of shares could, for example, arise in the context of a transaction (such as the acquisition of a company) which had to be completed speedily. The granting of such an authority is now commonplace and the Directors take the view that it would be in the interests of the Company if the authority were granted to them. The Directors have undertaken that no capital will be issued which would effectively change the control of the Company or the nature of its business without the prior approval of shareholders in general meeting. They have at this time no plans to issue additional shares under this authority other than in accordance with the scrip dividend scheme.
- None of the Directors proposed for re-election at the Meeting has a service contract with the Company or a subsidiary undertaking which is not determinable within one year without payment of compensation.

UNITED KINGDOM

1949

ON TIME

EIRE

1960

ARR. EARLY

NETHERLANDS

1978

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BELGIUM

1979

ARR. EARLY

FRANCE

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GERMANY

1985

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ITALY

1987

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1988

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ARR. EARLY

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UK COMPANY NEWS

Blackwood Hodge acquisition boosts BM

By Jane Fuller

THE BENEFITS of buying Blackwood Hodge, the international distributor of earth-moving equipment, showed through in BM Group's results for the six months to December 31. The company also announced it had taken a controlling stake in British Building and Engineering Appliances.

Pre-tax profit at the construction equipment distributor and engineer advanced by 26 per cent to £17.3m (£13.5m) on turnover of £229.3m (£148.8m). Interest costs rose by nearly £2m to £5.6m.

Blackwood, which was incurring losses before the takeover, was included for six months

instead of about seven weeks. Mr Carl Young, finance director, said that 50 per cent of the group's first-half sales and £4.5m of profit could be attributed to it.

The picture was, however, complicated by the sale of BM products, such as Mustang skid steer loaders and Benford dumpers, through the Blackwood network.

The UK's share of group turnover had fallen to 35 per cent. It would rise to about 50 per cent with the inclusion of Thomas Robinson, the engineering group acquired three weeks ago in a £41m all-share deal.

Mr Roger Shute, chairman,

said that in North America, Mustang had increased its US sales by 55 per cent. Canada was showing signs of recovery.

Net debt stood at about £58m at the end of December. After the £60m rights issue accompanying the Robinson deal, gearing had fallen below 45 per cent.

Diluted earnings rose to 13.3p (11.3p). The interim dividend goes up to 2.1p (1.6p).

BM intends to inject its UK building products activities - approaching £50m of annual turnover - into BB and EA, where it has paid £2.5m for a 58 per cent family stake, taking its holding to 63.7 per cent. It has to extend its 35p a share

offer to other shareholders, but only plans to retain 75 per cent.

● COMMENT

When BM bought the struggling Blackwood Hodge, there was concern that it would be dragged down by it. The reverse has happened, partly because of the admirable ruthlessness applied to Blackwood's costs and partly because of the scope provided by acquisition accounting for shoving the write-offs below the line. Blackwood could not afford to attack its languishing UK operation because of unrelieved ACT. BM has done it and can tap tax losses. The

commercial synergy has proved just as strong, with a new world of outlets opened up to BM's manufactured goods.

Thomas Robinson, more of a ragbag, may take longer to bear fruit. For the full year, a repeat of last year's second-half performance, plus further savings, should see pre-tax profit rise to between £40m and £45m (£34.1m), a prospective p/e of 13 on yesterday's close of 40p. As a certain amount has to be taken on trust - there was, for instance, no divisional breakdown - this seems high enough until a new wave of analysts has been convinced of BM's, and not just Mr Shute's, merits.

ICI in £50m venture to make CFC replacement

By Daniel Green

ICI is to invest £25m in a joint venture in Japan to make ozone-friendly refrigerants. Its partner is Teijin, the Osaka-based fibres and chemicals company.

The venture will build a £50m plant at Mihara, near Hiroshima, the site of an existing collaboration between the two companies to make agricultural products.

Teijin will be responsible for the production of the material, Klean 134a, ICI, which developed it, will market it for use in refrigerators and air conditioning units. "We are the first with plants in Europe, North America and Asia to make CFC replacements," said ICI Fluorochemicals yesterday.

Klean 134a is designed to replace chlorofluorocarbons, which are blamed for damaging the atmosphere's ozone layer.

The new factory will serve Asian-Pacific markets and will have an initial capacity of 5,000 tons a year when it comes on stream in 1993. ICI said it was in talks with vehicle makers in the region on supplying the chemical for air conditioning systems. Possible customers include vehicle manufacturers in China and Australia.

The market for CFC replacements is growing rapidly as governments respond to the environmental dangers by insisting that alternatives are used. General Motors is to use Klean 134a from an ICI plant in Louisiana in its cars and truck air conditioning systems.

ICI's first Klean 134a plant, in Runcorn, Cheshire, opened in 1990.

Consolidated Venture net assets rise

Consolidated Venture Trust announced net asset value increased from 211.5p to 275.5p over year to January 31. At July 31 the figure was 263.5p.

Pre-tax profits for the year to end-January were £412,000 (£30,000 losses) for earnings per share of 2.12p (losses of 0.45p). The proposed single final dividend is 1.5p (nil).



Michael Doherty (left) and Robert Wood

Plaxton reverses into a £6.8m loss

By Peggy Hollinger

THE SEVERE downturn in the vehicles market pushed Plaxton Group, the coach manufacturer and motor distributor, into a £6.8m pre-tax loss for the year to December 31.

That was a swing of £11m compared with the profit of £4.2m returned for the preceding 12 months.

Mr Robert Wood, chief executive, said demand for coaches and buses had fallen by about 40 per cent last year, while the new car market had declined by 21 per cent. Turnover fell from £385.1m to £334.4m.

As a result, the group had closed three of its four coach and bus plants and cut 600 jobs over the last 18 months. Annual overheads in the bus and coach division had been cut by 24m and the operation incurred a loss of £2.56m. The restructuring and introduction of new coach ranges resulted in exceptional charges of £2.86m. A further £2.1m in extraordinary charges arose from the closure of a coach factory in France.

Coach and bus stocks had been reduced by about 17m. Mr Wood said the group aimed to cut stocks by a further 25m to 28m. He said he did not expect a significant recovery in the coach division until 1993.

Operating profits in the motor division tumbled by 47 per cent to £3.5m. Mr Wood said virtually all of the decline was due to falling demand for new cars.

To highlight the importance of the motor division, which represents 70 per cent of turn-

over, Plaxton plans to change its name to Kenia, the title of the distributor purchased in 1989.

Interest charges were unchanged at £4.7m, although Plaxton said the year-end debt of £31m now included £7m previously held off balance sheet.

A proposed final dividend of 2p (1.5p) makes a 3p (4.5p) total. Losses per share of 16.7p compared with earnings of 9.1p.

The group announced yesterday that Mr Derek Edwards, a former director of RTZ, would become the board's second non-executive director. Mr Michael Doherty was appointed non-executive chairman in November.

● COMMENT
The increased final dividend indicates that Plaxton is confident of more than just survival. The high stock levels of a year ago have been reduced to sustainable levels - and still there is more to come: the motor division is returning a profit, unlike many competitors; and new management appears determined to quash criticisms by bringing all debt on balance sheet. Assuming the economy does not get worse, it could well be that Plaxton has defied the sceptics. Forecasts are pitched at break-even to £1m profits; although the coach business will continue to incur losses. Risk-takers may find the stock attractive, while the more cautious are likely to wait for definitive proof in the next set of results.

Muddy Fox goes into administration

By Andrew Baxter

MUDDY FOX, the Wembley-based company whose fox's pawprint has become one of the best-known trademarks in the world bicycle industry, has been placed in administrative receivership because of a downturn in sales and financial difficulties.

Mr Nick Lyle and Mr Nigel Atkinson, partners in Touche Ross, have been appointed as joint administrative receivers for the privately-held company, which was formed in 1983.

Turnover increased from £2m in 1987 to £8.5m last year, building on the reputation of its bikes, which in the UK cost between £95 and £1,350, for ruggedness and reliability. But competition has intensified at both the premium end of the market through the entrance of Cannondale and Trek, two strong US producers, and in the cheaper ranges.

Mr Lyle said yesterday that the company had "a prestige range of mountain bikes of appeal to both rural or urban users. We hope to sell the business as a going concern together with its valuable registered trademark. The level of interest in the company so far is very encouraging. Muddy Fox bicycles are manufactured mainly in the Far East from UK designs. There are distribution centres in London and Germany supplying a European dealership network.

Logica down 54% despite good US result

By Alan Cane

LOGICA, one of the few large, publicly-owned UK computing services companies still in British ownership, saw first half pre-tax profits fall 54 per cent despite the return to profitability of its troubled North American subsidiary.

The fall in profits - from £4.67m to £2.15m - was caused by write-offs following a decision to pull out of a loss making venture in television technology. Turnover for the six months to end December was 3 per cent up at £98.6m (£96.1m). Earnings per share came out at 2.1p compared with 4.4p last time.

The interim dividend is being maintained at 1.15p, a reflection, according to

Mr David Mann, managing director, of the uncertainty of the six months ahead.

The company finished the period with broadly unchanged cash balances of £14.9m. The share price fell 4p to 187p.

Logica's profitability in recent years has been hindered by its North American losses; the US operation, however, made a pre-tax profit of £400,000 - the consequence of restructuring and tight financial control - compared with a loss of £1.8m last time.

Overall operating profits were reduced by some £1.6m as a result of the company's decision to withdraw from a project called "Playout" dealing with the automa-

tion of television studios. The loss was unexpected and surprised analysts who had been anticipating first half profits of £2.5m. Logica made small losses in continental Europe despite an 8 per cent growth in revenue as the result of acquisitions by its Italian subsidiary.

Mr Mann said associated undertakings including Speedwing Logica, a joint venture with British Airways, were performing well. The company, which makes about 50 per cent of its revenues from fixed price contracts, has customers including ANZ Bank in Australasia, the Public Records Office in the UK and the European Space Agency.

Marling warns of loss as sales fall is forecast

By Andrew Bolger

MARLING INDUSTRIES, the industrial textile and vehicle body manufacturer, has warned of a loss for the year to March 31 1992. The company's shares fell 29p to 67p on Monday but held that level yesterday.

Mr David Abel Smith, formerly managing director of Benjamin Priest, the Midlands engineering group, was appointed chief executive of Marling in January. He is carrying out a review of the group's businesses and expects to report in two months' time.

In December Marling blamed a drop in demand at Boalloy, its commercial vehicle body manufacturer, when it reported a drop in interim pre-

tax profits from £2.85m to £993,000 and cut its dividend.

Marling said yesterday that turnover in the second half would be well below the £51.64m achieved in the first half, and the group would show a loss before taxation and reorganisation costs. In the year to March 31, 1991, Marling made pre-tax profits of £3.6m on sales of £121.8m.

Marling is building up manufacturing facilities in its joint venture with Electrolux to produce one-piece airbags for automobile passenger protection. Mr Abel Smith said it would be some time before it would be possible to forecast when that venture would contribute to group profits.

Holiday Inn upgrades software for reservations

By Nikki Tait in New York

HOLIDAY INN, the international hotel chain owned by Britain's Bass group, yesterday announced a \$60m (£34m) upgrading of its computer reservation system.

One advantage, according to Holiday Inn, of new software is its ability to factor in the desired length of stay, as well as price and room availability on a given night.

The company explained yesterday that a customer who wanted a room, at a certain price, for several days would currently be turned away if it were not available on the first of those nights.

The more sophisticated software, however, would check whether such a room was

available for later nights, and then adjust back to offer a different room, at the given price, for the first night.

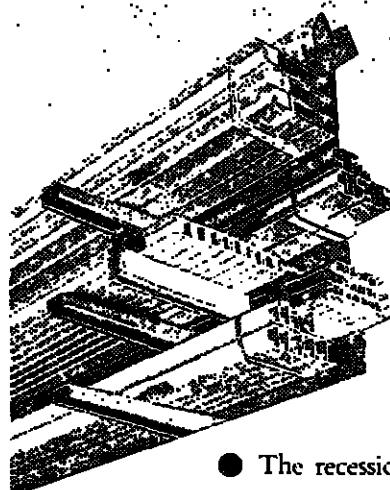
Holiday Inn acknowledged that the new system might reduce average room rates, but claimed that improved occupancy levels - estimated at three percentage points - should outweigh that. It calculated lost revenues of around \$125m in the US as a result of the current inability to include length-of-stay considerations.

Installation of the improved hardware and software, which are financed by Holiday Inn and come at no cost to franchisees, will begin in the autumn, and should be in all properties within two and a half years.

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GLYNWED INTERNATIONAL

Results for 1991



	1991	1990
Turnover	£949.9m	£1099.8m
Operating Profit	£40.9m	£87.8m
Pre-tax Profit	£25.5m	£70.3m
Earnings per Share	8.43p	23.38p
Dividend per Share	11.65p	11.65p

● The recession severely affected Glynwed throughout 1991, reducing Group turnover by 14% and operating profit by 53%.

● Extensive action to reduce costs and eliminate losses resulted in an increase in second half pre-tax profits of 45%, compared with the first half.

● The second half improvement was particularly marked in consumer and home improvement products, with Flavel-Leisure (cookers and fires), Aga-Rayburn (cooking ranges) and Leisure (sinks) all gaining ground.

● Steels held their own extremely well in the highly competitive worldwide steel industry, despite difficult markets.

● Copper tube production will benefit from the move to single site operation following a 30% decline in the UK market to the lowest level since 1981.

● Metal Services was affected by the steep fall in aluminium and stainless steel prices, but increased its market share.

● Plastics accounted for nearly half of Group trading profit, further vindicating the strategy in this area, and 1991 saw new products launched and marketing initiatives taken.

● Another successful year was enjoyed by the UK businesses of the Engineering sub-division.

"I believe that the beneficial effects of the actions already taken should ensure that profitability in 1992, particularly in the second half of the year will be appreciably better than in 1991, although, obviously there are well-known uncertainties which affect our, and many other, businesses".

GARETH DAVIES
Chairman & Chief Executive - 10 March 1992

Glynwed International plc

The 1991 Report and Accounts will be posted to shareholders in mid-May. For a copy please write to the Group Secretary, Glynwed International plc, Headland House, New Coventry Road, Sheldon, Birmingham B36 3AZ

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A team of experts from the Investors Chronicle, Britain's leading stockmarket weekly, will be answering questions on investment and the stockmarket. What does the budget mean for your shares? How can you protect your portfolio against election fall-out? Get your own favourite questions answered.

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If you're worried about the future of commissions and wondering how to get started with fees, Money Management will be chairing a session which can show you how. Gavin Hill of National Mutual Life will discuss flexible commission systems. Greg Nardinocchi from Fraser Smith will discuss mixed commission & fee based advice.

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COMMODITIES AND AGRICULTURE

Brazil to launch \$1.5bn farm credit package

By Christina Lamb in Rio de Janeiro

BRAZILIAN PRESIDENT Fernando Collor is expected to launch a new \$1.5bn agricultural package tomorrow to provide credit for marketing the near record harvest expected.

After its disastrous performance of 1990 Brazil's farm sector has seen an impressive turnaround since government credits were finally released last October, just in time for Antonio Cabral, the agriculture minister, this year's harvest will amount to 89.6m tonnes - the second highest total ever.

The recent release of credits marks a radical reversal in the government's policy. The strategy adopted by Mr Collor's predecessor, the former economy minister, of scrapping subsidies and using imports to force down prices in the 1990-91 season, resulted in a 7m-tonne shortfall in food products and a foreign exchange loss through lost export earnings and increased imports that Banco do Brasil estimates at about \$3.5bn. Moreover, the rise in wholesale food prices has been a major source of inflation, increasing 513 per cent compared with yearly inflation of 470 per cent.

By contrast Mr Cardoso's successor, Mr Marcellino Marques Moreira, who took office last May, sees the recovery of the farm sector and a bumper harvest as crucial weapons in the fight to reduce the inflation rate and restructure the economy in Brazil's interior.

This year's increased output is mainly due to higher yields rather than increased acreage. The amount of land under cultivation has increased by only 2.6 per cent while the harvest is expected to be more than 20 per cent up. The director of a major food processing company explained "although Zelia's policy was absurd and had no basis in reality it did have one positive result - the weeding out of inefficient farmers."

Tomorrow's 30-measure package will include the allocation of 300bn (\$100m) loans for marketing purposes, at an interest rate of 9 per cent a year for small- and medium-scale producers and 12 per cent for large producers. A further 600bn will be released to

help finance the planting of the winter crops, particularly of wheat. The government is hoping to raise this year's wheat production to 4m tonnes from last year's 3m tonnes. Domestic consumption is about 7m tonnes.

The remaining money will be for financing the purchase of farm machinery and soil nutrients.

Mr Collor will also announce the creation of rural funds to attract foreign investment, hoping to capitalise on \$1bn in foreign money which has entered the Brazilian banks since it was opened up to foreigners last July. Analysts say, however, that they doubt the ability of the Brazilian agricultural sector to attract foreign investment.

The package follows \$100m in credit released last month to cocoa growers in the north-east to refinance debts, help combat witches broom disease and to diversify production, and \$1,000bn made available in October in low interest credits, reduced from 18 to 9 per cent, and reduced tariffs for pesticides.

Mr Cabral now says that, apart from wheat, it will not be necessary to import basic foodstuffs in 1992. In a recent interview he defended the government's reversal in policy arguing "subsidies should be given for harvesting in as much as they guarantee domestic supply. The classic error of Brazilian agriculture in the past was to subsidise the intention to produce."

Low aluminium prices forecast to halt capacity expansion

By Kenneth Gooding, Mining Correspondent

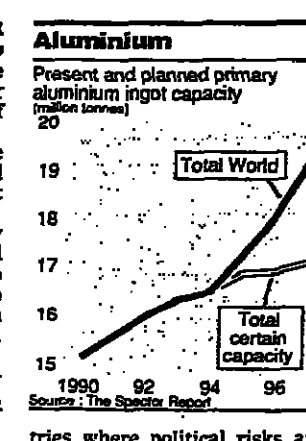
ALUMINIUM SMELTER expansion plans are about to come to a halt, suggests the New York-based Spector Report in its latest survey of primary aluminium capacity.

"After 1994 almost all the planned capacity additions fall into the uncertain category," it says.

"The industry cannot justify building new capacity until aluminium ingot prices rise to 75 cents a lb (\$1.633 a tonne) and remain at that level for a sustained period of time. With prices under 75 cents a lb, cash flow generation would be insufficient to cover debt service, especially in the early years of a project."

Last night the cash aluminium price closed at 57.8 cents a lb on the London Metal Exchange.

The report suggests that at present prices it is next to impossible to finance a new smelter project - including those government-sponsored projects in less developed countries where political risks are high.



It points out that this year four smelters will start up, adding 1.1m tonnes to the industry's installed capacity base. In 1993 two projects will add another 127,000 tonnes. Two small additions will add 75,000 tonnes in 1994. In 1991 the industry outside

Trade plan sows wrath of Chilean grape growers

Leslie Crawford on a move to allow Argentine competitors to ship through the country's ports

FRANCISCO ECHEVERRIA lost his faith in modernity around 1880, when the latest mining equipment he had imported from Britain caught the trailing garments of his Parisian bride and ripped her to shreds. Echeverria never returned to his foundry in the valley of Copiapo, an oasis in the Atacama desert that was the centre of Chile's feverish mining boom 150 years ago.

He would not recognise his barren valley today. The sands of acres have been reclaimed from the desert, which is now carpeted with row upon row of delicate grape vines. Under the harsh midday sun, the grey, almost colourless mountains that rise on either side of the valley are in stark contrast to the deep green trellises below.

Chile has an exceptionally long grape harvesting season. It starts at Copiapo in November and follows the sun to end south of Santiago in March or April. A 30,000-strong labour force also follows the sun. The largely female workers leave their families at the start of the summer and put up in rough accommodation offered by large estates and packing plants, swelling small towns like Copiapo at weekends.

Desert reclamation, which began 10 years ago, is an expensive business. Because the Copiapo river is little more than a brackish trickle, deep wells must be dug to tap the valley's water table. The grape



Copiapo's early produce earns handsome profits

pests such as the Mediterranean fruit fly, are not a problem. The Andes and the Pacific Ocean have formed natural barriers against infestation. The Chilean Ministry of Agriculture promises to apply quarantines and strict sanitary controls at border crossings, but fruit growers have not been pacified. "Any lorry driver could bring the Medfly in an apple in his packed lunch," says Mr Guillermo Irazazabal, who works for David del Curto, Chile's biggest fruit exporter.

For Chile's fruit business, which earned close to \$1bn last year, the double-edged sword of competition and infestation conjures visions of Argentine orchards riddled with uncontrollable plagues all storming the Andes. Mr Ricardo Arizta, president of Federata, the fruit producers' federation, says he cannot understand why the government is willing to put Chile's fruit exports at risk. "We are strongly urging the authorities to reconsider this decision," he says.

Foreign markets, particularly in Japan and the US, are hard to win and easily lost. "An outbreak of Medfly could wipe out years of marketing efforts," says Mr Mauricio Meyer, a quality control expert.

As an example, Mr Meyer recalls that the Chilean Exporters' Association had to build a \$1m experimental station in the middle of the Atacama desert to prove to Japanese trade officials that the Mediterranean fruit fly could not cross the desert and was killed by 10 days in cold storage. "This despite 30 years of published research already proving the point," he concludes, a state of exasperation creeping into his voice.

Japan has just put Chile through a tough five-year test period to monitor the quality of its fruit. The US recession, which has depressed demand for Chile's produce, has put exporters in a fighting mood. They are working hard to open new markets in Asia's Pacific Rim countries. The last thing they want is Argentine rivals muscling in on their territory.

MEPs warned on farm reform amendments

By Andrew Hill in Strasbourg

EURO MP's amendments to the proposed reform of the European Community's Common Agricultural Policy risk undermining the aims of the plan, Mr Ray MacSharry, the EC agriculture commissioner, warned last night.

The European Parliament will vote on the amendments today and is expected to come down broadly in favour of the European Commission's proposals.

But Mr MacSharry warned MEPs during yesterday's debate that Brussels "could not accept amendments which would be to profoundly change our approach, or to add significantly to the budgetary costs."

Mr MacSharry singled out the cereals sector, which is at the core of the commission's perspective, and with the subsequent agricultural committee wants to maintain higher prices than those proposed by Brussels and to spread price reductions over a longer period.

Mr MacSharry said he had "the gravest doubts whether the objective of stabilising a balanced world price level could be achieved at more than Ecu100 (£71 a tonne)", which would be one effect of the MEPs' amendments.

"This price is essential to keep community cereals competitive and with the substantial compensation being made available to producers, there are no solid grounds for fixing a price that would stop short of our objective or for delaying the timetable for reaching that price," he added.

EC agriculture ministers met last week to discuss the reform package, but the meeting broke up inconclusively after a number of member states unearthed old objections to the principles of the reform.

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UN plans commodity data service

By Frances Williams in Geneva

WITH PRICE stabilisation accords for commodities off the international agenda, their chief sponsor, the United Nations Conference on Trade and Development (UNCTAD), is seeking to harness rather than buck the market to help commodity exporting developing countries.

UNCTAD officials are developing a computerised commodity information system that they believe could transform marketing, investment and diversification decisions by governments and private companies. Micas (micro-computer based commodity information and analysis system), now in a pilot phase, should eventually be capable of providing comprehensive, up-to-date information on all aspects of commodity use, production, trade and consumption at all levels from the world to the production unit.

UNCTAD's main aim is to help poor countries take sensible

decisions on developing and managing their commodity economies with the aid of systematic and timely information.

This, officials argue, will enable them to compete more effectively on world markets. The system can be used for policy analysis within government or in the management of individual production units.

For instance, a policy-maker in the Philippines looking at the options for further processing of coconuts could, at the touch of a computer key, display the most recent figures on worldwide trade in coconuts and coconut products, trends in production, consumption and markets for coconut products by country and the names, production facilities and capacity utilisation of every company involved in coconut products.

shown the potential usefulness of the system, says Mr Jay Colebrook, who is in charge of the project. The database includes existing UNCTAD trade information and can tap the computerised agricultural statistics of the Rome-based Food and Agriculture Organisation. Micas will also contain information on upwards of 50,000 companies around the world.

If all goes well, UNCTAD plans to supply the software to developing country users free of charge on condition that they undertake to feed the system with the necessary (non-confidential) information. The UN agency aims to meet the running costs by selling information to private companies.

Mr Colebrook hopes next year to begin installing a pilot version of Micas, which has been developed with financial aid from the Italian government, in at least a dozen Third World countries in Asia, Africa and Latin America.

MARKET REPORT

Gold was again testing the key \$348 support level on the London bullion market and Comex yesterday. "The market seems to be in a stand-off right now," a New York analyst said at midday. "The charts are weak, but until support at \$348 can be broken, gold will not drop sharply." Lack of investor interest continues to plague the market.

Speculators still dominate stocks and bonds before investments and fears of inflation have disappeared. On the LME three-month aluminium closed slightly ahead, but the market lacked the momentum to move back over \$1,300 a tonne. Dealers said today's relatively small

2,200-tonne rise in LME stocks was conclusive. January producer data, with total IPRI inventories up 40,000 tonnes, did not affect the market as the inclusion of Iranian data for the first time negated month-on-month comparisons. New York arabica coffee futures were firm at midday after recouping earlier losses.

The market was awaiting a meeting of Brazilian coffee exporters who were due yesterday afternoon to discuss a possible return to an international pact with export quotas. In Chicago wheat futures plunged more than 7 cents shortly after midday on reports of unrest in the CIS.

Compiled from Reuters

London Markets

SPOT MARKETS	Close	Previous	High/Low
Crude oil (per barrel FOB)	51.20-51.30	+0.05	
Crude oil (per barrel CIF)	51.25-51.35	+0.05	
Crude oil (per barrel FOB)	51.25-51.35	+0.05	
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SOYBEAN - London F&O (\$ per tonne)	Close	Previous	High/Low
Mar	188.40	188.20	188.20-188.50
May	188.40	188.20	188.20-188.50
Jul	188.40	188.20	188.20-188.50
Sep	188.40	188.20	188.20-188.50
Nov	188.40	188.20	188.20-188.50
Dec	188.40	188.20	188.20-188.50
Jan	188.40	188.20	188.20-188.50
Feb	188.40	188.20	188.20-188.50
Mar	188.40	188.20	188.20-188.50
Apr	188.40	188.20	188.20-188.50

COFFEE - London F&O (\$ per tonne)	Close	Previous	High/Low
Mar	812	810	808-812
May	812	810	808-812
Jul	812	810	808-812
Sep	812	810	808-812
Nov	812	810	808-812
Dec	812	810	808-812
Jan	812	810	808-812
Feb	812	810	808-812
Mar	812	810	808-812
Apr	812	810	808-812

SOYABEAN - London F&O (\$ per tonne)	Close	Previous	High/Low
Mar	130.50	130.50	130.50-130.50
May	130.50	130.50	130.50-130.50
Jul	130.50	130.50	130.50-130.50
Sep	130.50	130.50	130.50-130.50
Nov	130.50	130.50	130.50-130.50
Dec	130.50	130.50	130.50-130.50
Jan	130.50	130.50	130.50-130.50
Feb	130.50	130.50	130.50-130.50
Mar	130.50	130.50	130.50-130.50
Apr	130.50	130.50	130.50-130.50

CRUDE OIL - LME (\$ per tonne)	Close	Previous	High/Low
Mar	17.40	17.44	17.41-17.40
May	17.40	17.44	17.41-17.40
Jul	17.40	17.44	17.41-17.40
Sep	17.40	17.44	17.41-17.40
Nov	17.40	17.44	17.41-17.40
Dec	17.40	17.44	17.41-17.40
Jan	17.40	17.44	17.41-17.40
Feb	17.40	17.44	17.41-17.40
Mar	17.40	17.44	17.41-17.40
Apr	17.40	17.44	17.41-17.40

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Nov	17.40	17.44	17.41-17.40
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Jan	17.40	17.44	17.41-17.40
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Mar	17.40	17.44	17.41-17.40
Apr	17.40	17.44	17.41-17.40

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Apr	17.40	17.44	17.41-17.40

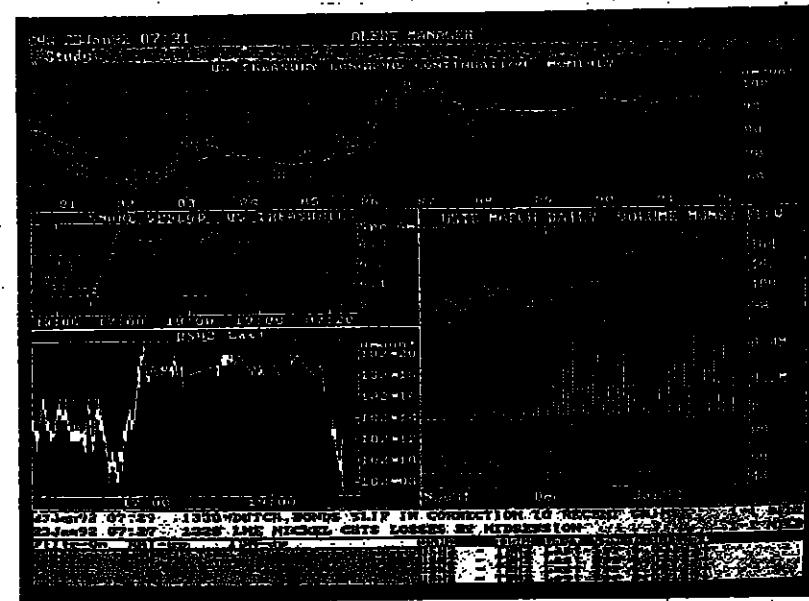
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Dec	17.40	17.44	17.41-17.40
Jan	17.40	17.44	17.41-17.40
Feb	17.40	17.44	17.41-17.40
Mar	17.40	17.44	17.41-17.40
Apr	17.40	17.44	17.41-17.40

How to get
the highest
productivity
from your
information

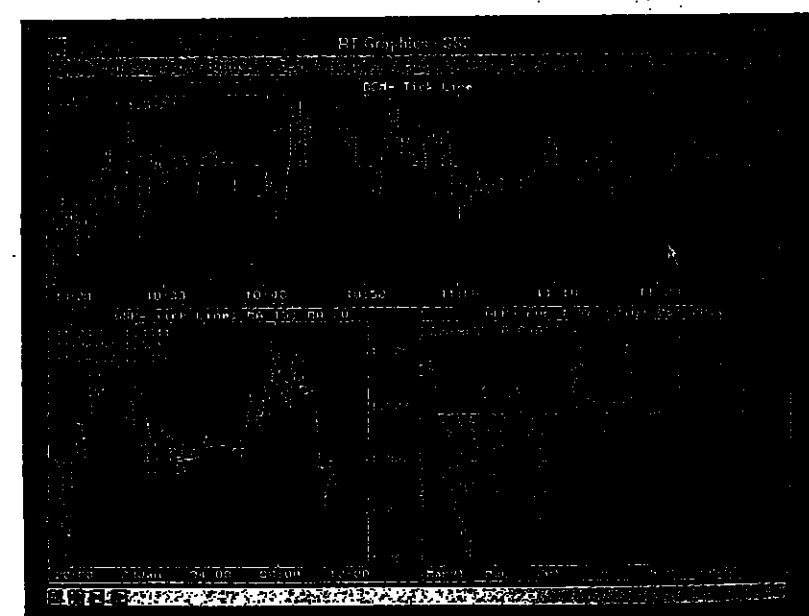
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Symbol	Price	Volume	Open	High	Low	Close
EUR	1.2500	10000	1.2450	1.2550	1.2400	1.2500
GBP	1.5000	5000	1.4900	1.5100	1.4800	1.5000
JPY	120.00	20000	119.50	120.50	119.00	120.00
AUD	0.7500	15000	0.7400	0.7600	0.7300	0.7500
CAD	0.7000	12000	0.6900	0.7100	0.6800	0.7000
CHF	0.8500	8000	0.8400	0.8600	0.8300	0.8500
HKD	7.8000	3000	7.7500	7.8500	7.7000	7.8000
SGD	0.7000	1000	0.6900	0.7100	0.6800	0.7000
THB	30.00	500	29.50	30.50	29.00	30.00
USD	1.0000	1000000	0.9900	1.0100	0.9800	1.0000

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FINANCIAL TIMES STOCK INDICES[illegible]

rates, which turned the equity market higher. The Footsie rose 100 points when the chancellor began to speak and, after some brief hesitation, edged ahead again as he ended his speech.

But the more significant response may have come from the stock index futures, where the market's contraction turned steadily downwards as Mr Lamont's speech progressed. This, together with the similarly negative response from sterling on the foreign exchange markets, may set the tone for the country's foreign trades in equities. However, a brighter spot on the market's horizon last night was the early gain on Wall Street which was 20 Dow points ahead in UK trading

1968.6	1970.6	1980.5	1987.8	1997.8	2	(1)
128.0	126.5	126.0	145.8	145.1	2	(2)
2533.1	2538.9	2568.4	2454.8	2454.8	2	(2)
1182.32	1187.90	1200.38	1127.78	1127.78	12	(4)
4.50	4.53	4.50	4.98	4.98	4	(2)
6.44	6.44	6.58	6.58	6.58	4	(2)
19.64	19.63	19.72	12.98	12.98	4	(2)
38.173	36.626	34.671	43.856	43.856	4	(2)
1002.0	1,120.4	1224.8	1960.87	1960.87	4	(2)
162.7	41.207	39.998	51.133	51.133	4	(2)
Day's High 2006.9	Day's Low 1987.9					
1 pms 1	2 pm 1	3 pm 2	4 pm 2			
1995.1	1996.8	2003.2	2003.2			
Day's High 2574.8	Day's Low 2554.5					
1 pms 2	2 pm 2	3 pm 4	4 pm 5			
2567.9	2584.1	2572.0	2571.5			
Day's High 2196.73	Day's Low 2189.90					
1 pms 2	2 pm 1	3 pm 2	4 pm 2			
2192.72	2194.14	2195.79	2195.79			

29.3		(2/1/91)	(28/1/147)	(31/1/75)
26.3	1506.3	2108.3	49.4	
26.2		(18/1/91)	(2/9/91)	(26/5/40)
2.8	129.0	734.7	43.5	
2.8		(14/4/91)	(26/1/91)	(26/1/07/1)
79.5	2054.0	2673.6	986.9	
19.6		(16/1/91)	(2/9/91)	(23/7/84)
7.08	938.62	1200.06	938.62	
1.96		(1/1/91)	(4/3/91)	(16/1/91)

100 Gen: 2051/20126, Fees at 100, 1000, 10000
 1000 Gen: 2051/20126, Fees at 100, 1000, 10000
 10000 Gen: 2051/20126, Fees at 100, 1000, 10000
 100000 Gen: 2051/20126, Fees at 100, 1000, 10000

GILT EDGED ACTIVITY

Indices*	Mar 9	Mar 6
Gilt Edged		
Bargains	67.6	102.4
5 - Day average	107.4	109.3

* See Activity 1974.
 *Excluding Intra-market business and Overseas turnover.

London report and latest Share Index:
 Tel. 0861 123001 Calls charged at 36p
 per minute, 10p per line, 48p/minute at all
 other times.

Equity Shares Traded

Turnover by volume (million)
Excluding:
Inter-market business & overseas turnover

Source: Datastream

1992

Mr Whiting said he expected a major contribution to come from UK mobile phones, along with high growth from Mercury, C and W's telecoms subsidiary, all underpinned by Hong Kong and China. "A possible flotation of Mercury is not in the price," said the analyst. C and W shares climbed 7 to 619p on good vol-

The maintained dividend at Glynwed International was welcomed by the market in spite of a 64 per cent profits setback. The shares moved ahead 14 to 239p.

Several stocks in the engineering sector were targeted for their recovery potential. Among those to benefit were APV, up 2 at 118p, IMI, 5

BA man to captain QEII

Marcus Buck, until recently British Airways manager for Japan and Korea, is to become chief executive of the Queen Elizabeth II Conference Centre in London from April 1.

The QEII Centre is a government-owned executive agency built to provide secure conference facilities for national and international government meetings. It hosted the 1990 conference of world leaders on the ozone layer and this year it will be the London base for the UK presidency of the EC.

conference centre in London, the QEII centre also markets itself as the private sector's best. It hosts more than 100 company agens than any other London venue and provides a London home for BBC-TV's Question Time. It has been voted best UK conference centre for the past five years.

For Buck, 33, it will be his first management outside BA and a return to the UK after many years of managing the airline's operations in south-east Asia, Australia and Latin America. He sees many similarities between managing airline operations and a conference centre: "Both involve elements of travel and accommodation away from home, but they must be run as profit centres," he says.

And he plans to improve on its reputation and profitability still further.

[illegible][illegible]

THE higher-than-anticipated PSRB figure included in the chancellor's Budget speech caused a retreat in stock index futures after an advance earlier in the session, writes Joel Kibazo.

Having opened around the 2,577 level, the March contract on the FT-SE moved forward, taking a firm overnight on Wall Street as its cue.

However, nervousness about the Budget statement caused

[illegible]

THE INSOLVENCY ACT 1986
REINOLD MATHEW LIMITED
Company No 0176681-15
NOTICE IS HEREBY GIVEN pursuant to Section 99 of the Insolvency Act 1986 that a meeting of creditors will be held at Cannon Road, London EC3V 9NT on 11th March between the hours of 10.00 am. and 1.00 p.m. for the purposes mentioned in Section 99 and 100 of the said Act.

Creditors wishing to vote at the meeting must lodge a proxy, together with a statement of their holdings, at the offices of Robson Rhodes 184 City Road, London EC3V 9NT not later than 12.00 noon on 11th March 1992.

A list of names and addresses of the company's creditors will be available for inspection, free of charge, at the offices of Robson Rhodes 184 City Road, London EC3V 9NT on 10th March and 11th March between the hours of 10.00 am. and 4.00 p.m.

Dated this 4th day of March 1992
Nana Ragwan, Director.

THE INSOLVENCY ACT 1986
REINOLD P.F.C
Company No 1388014-14
NOTICE IS HEREBY GIVEN pursuant to Section 99 of the Insolvency Act 1986 that a meeting of creditors will be held at Cannon Road, on 12th March 1992 at 12.00 noon for the purposes mentioned in Section 99 and 100 of the said Act.

Creditors wishing to vote at the meeting must lodge a proxy, together with a statement of their holdings, at the offices of Robson Rhodes 184 City Road, London EC3V 9NT not later than 12.00 noon on 11th March 1992.

A list of names and addresses of the company's creditors will be available for inspection, free of charge, at the offices of Robson Rhodes 184 City Road, London EC3V 9NT on 10th March and 11th March between the hours of 10.00 am. and 4.00 p.m.

Dated this 4th day of March 1992
Michael Sharr, Director.

THE INSOLVENCY ACT 1986
REINOLD LTD
RICHMONDWAY INVESTMENTS LIMITED
Company No 385079-14
NOTICE IS HEREBY GIVEN pursuant to Section 99 of the Insolvency Act 1986 that a meeting of creditors will be held at Cannon Road, on 12th March 1992 at 12.00 noon for the purposes mentioned in Section 99 and 100 of the said Act.

Creditors wishing to vote at the meeting must lodge a proxy, together with a statement of their holdings, at the offices of Robson Rhodes 184 City Road, London EC3V 9NT not later than 12.00 noon on 11th March 1992.

A list of names and addresses of the company's creditors will be available for inspection, free of charge, at the offices of Robson Rhodes 184 City Road, London EC3V 9NT on 10th March and 11th March between the hours of 10.00 am. and 4.00 p.m.

Dated this 4th day of March 1992
Nana Ragwan, Director.

THE INSOLVENCY ACT 1986
REINOLD LTD
MALDENHEAD INVESTED
Company No 385079-14
NOTICE IS HEREBY GIVEN pursuant to Section 99 of the Insolvency Act 1986 that a meeting of creditors will be held at Cannon Road, on 12th March 1992 at 12.00 noon for the purposes mentioned in Section 99 and 100 of the said Act.

Creditors wishing to vote at the meeting must lodge a proxy, together with a statement of their holdings, at the offices of Robson Rhodes 184 City Road, London EC3V 9NT not later than 12.00 noon on 11th March 1992.

A list of names and addresses of the company's creditors will be available for inspection, free of charge, at the offices of Robson Rhodes 184 City Road, London EC3V 9NT on 10th March and 11th March between the hours of 10.00 am. and 4.00 p.m.

Dated this 4th day of March 1992
Nana Ragwan, Director.

THE INSOLVENCY ACT 1986
REINOLD LTD
MALDENHEAD INVESTED
Company No 385079-14
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Dated this 4th day of March 1992
Nana Ragwan, Director.

UK 1,7164+73
FTSE 2574.8+24.1

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FINANCIAL TIMES WEDNESDAY MARCH 11 1992

Notes	Price	+ or -	1991/92	Yld	DE
			high	low	Gr's
NAV					
Part					

[illegible]

222	Warrants	28	11	33	1	17
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[illegible]11.3
.86[illegible]

Monat	104	110	85	4.8	112.8	82
Monat	101	101	41	5.3	118.7	14.5

[illegible]

1A	Cap	88	—	81	50	—	125.7	53.9
—	Warrants	22	—	43	22	—	—	—

[illegible][illegible]

MINES - ConL

[illegible][illegible][illegible]

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Continued on next page

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling retreats after Budget

STERLING lost most of its earlier gains when the UK Budget met mixed reactions in the market, and failed to deliver the hoped-for boost, writes Neil Buckley.

The UK currency was the centre of attention for much of the day, although the dollar climbed a little in late European trading on speculative buying in a thin market.

Mr Mark Austin, economist at Hongkong Bank, said sterling fell back on market worries about chancellor Mr Norman Lamont's prediction of a £28bn public sector borrowing requirement, and disappointment that he had made no firm commitment to moving the UK currency into the narrow 2.25 per cent band of the Exchange Rate Mechanism.

Mr Austin added: "The opinion

ion polls in a few days will be the deciding factor for sterling, but I do not think its fortunes will be much changed by this Budget. There was a lot of fiddling around at the edges but nothing headline-grabbing."

The dollar, meanwhile, reached DM1.6705/15 from a DM1.6620 start, and gained strongly on the yen to Y132.50/90 from Y132.30/40. In New York the US unit finished at DM1.6710 and Y132.50.

Dealers said a major south-east Asian player and some New York funds had been buying dollars.

The yen continued to be undermined by speculation that the Bank of Japan would soon cut interest rates, possibly shortly after Mr Yasushi Mieno, bank governor, returns from a visit to Europe today.

The US currency had crept higher against both the yen and the D-Mark in thin Asian trading, hovering close to

its Y132.30 resistance level. Dealers said trading interest was limited ahead of the "Super Tuesday" US presidential primaries, although an expected victory by Mr George Bush over challenger Mr Pat Buchanan would have little effect unless his share of the vote was lower than 60 to 70 per cent.

In Europe, the D-Mark was little changed against most EMS currencies, but rose against the yen to Y79.43 from Monday's Y79.34.

It was a touch firmer against the Belgian franc a day after Belgium announced it was considering letting short-term interest rates drop below equivalent German rates.

The D-Mark declined slightly against the Swiss franc, although dealers said the Swiss National Bank's intervention last Friday seemed to have ended the franc's slide for the moment.

EMS EUROPEAN CURRENCY UNIT RATES

	Unit	Central Rate	Current Rate	% Change from Central Rate	% Change from Previous Day	Divergence
Spain Peseta	166.638	166.638	166.638	0.00	0.00	0.00
Belgian Franc	33.333	33.333	33.333	0.00	0.00	0.00
Dutch Guilder	2.00371	2.00371	2.00371	0.00	0.00	0.00
D-Mark	1.00	1.00	1.00	0.00	0.00	0.00
French Franc	6.55957	6.55957	6.55957	0.00	0.00	0.00
Irish Punt	7.87564	7.87564	7.87564	0.00	0.00	0.00
Italian Lira	2036.268	2036.268	2036.268	0.00	0.00	0.00
Portuguese Escudo	200.482	200.482	200.482	0.00	0.00	0.00
Spanish Peseta	166.638	166.638	166.638	0.00	0.00	0.00
Swedish Krona	10.46563	10.46563	10.46563	0.00	0.00	0.00
Swiss Franc	1.33603	1.33603	1.33603	0.00	0.00	0.00

£ IN NEW YORK

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar 10	Previous
8.30 am	90.1	89.9
9.00 am	90.1	89.9
10.00 am	90.1	89.9
11.00 am	90.1	89.9
12.00 pm	90.1	89.9
1.00 pm	90.1	89.9
2.00 pm	90.1	89.9
3.00 pm	90.1	89.9
4.00 pm	90.1	89.9

CURRENCY MOVEMENTS

	Mar 10	Bank of England Index	Change from Previous Day
Sterling	90.1	-21.4	-0.1
US Dollar	100.0	-13.5	-0.1
Canadian Dollar	100.0	-12.1	-0.1
Australian Dollar	100.0	-12.1	-0.1
Japanese Yen	100.0	-12.1	-0.1
French Franc	100.0	-12.1	-0.1
German D-Mark	100.0	-12.1	-0.1
Italian Lira	100.0	-12.1	-0.1
Spanish Peseta	100.0	-12.1	-0.1
Portuguese Escudo	100.0	-12.1	-0.1
Swedish Krona	100.0	-12.1	-0.1
Swiss Franc	100.0	-12.1	-0.1

CURRENCY RATES

	Mar 10	Bank of England Index	Change from Previous Day
Sterling	90.1	-21.4	-0.1
US Dollar	100.0	-13.5	-0.1
Canadian Dollar	100.0	-12.1	-0.1
Australian Dollar	100.0	-12.1	-0.1
Japanese Yen	100.0	-12.1	-0.1
French Franc	100.0	-12.1	-0.1
German D-Mark	100.0	-12.1	-0.1
Italian Lira	100.0	-12.1	-0.1
Spanish Peseta	100.0	-12.1	-0.1
Portuguese Escudo	100.0	-12.1	-0.1
Swedish Krona	100.0	-12.1	-0.1
Swiss Franc	100.0	-12.1	-0.1

OTHER CURRENCIES

	Mar 10	Bank of England Index	Change from Previous Day
Sterling	90.1	-21.4	-0.1
US Dollar	100.0	-13.5	-0.1
Canadian Dollar	100.0	-12.1	-0.1
Australian Dollar	100.0	-12.1	-0.1
Japanese Yen	100.0	-12.1	-0.1
French Franc	100.0	-12.1	-0.1
German D-Mark	100.0	-12.1	-0.1
Italian Lira	100.0	-12.1	-0.1
Spanish Peseta	100.0	-12.1	-0.1
Portuguese Escudo	100.0	-12.1	-0.1
Swedish Krona	100.0	-12.1	-0.1
Swiss Franc	100.0	-12.1	-0.1

MONEY MARKETS

Rate hopes dashed

RATES EASED slightly during the day on the UK money markets but firmed at the close as lingering hopes of a Budget day base rate cut were dashed.

Those hopes had been encouraged by a strengthening in sterling early in the afternoon amid rumours that Mr Norman Lamont, the UK Chancellor, would make a commitment to taking the pound into the narrow ERM band.

This was reflected in a softening of money market rates—generally by a 1/4 or 1/2 per cent—across the spectrum, until a rather mixed reaction

down to 89.55, while the June contract followed a similar pattern, to end at 89.75.

Otherwise, there were few problems with liquidity, and the overnight rate, which stood at 8.75 per cent early in the day on expectations of a fairly moderate shortage, fell quickly to 8.71 per cent after midday, when the Bank of England moved to cover all of its revised shortfall by purchasing £400m of bank bills at 10 per cent.

The Bank had initially forecast a shortage of around £380m, the main factors draining liquidity from the system being treasury bills and maturing assistance of £348m, and exchequer transactions of £150m. These were partly compensated for by a fall in note circulation and above-target bankers' balances.

German call money rates remained unchanged at around 9.60/65 per cent. Dealers said the market was quiet, but call money rates were seen remaining high as banks geared up for a heavy outflow of funds through tax payments later this week.

The market was looking ahead to today's securities repurchase transaction, hoping the Bundesbank would add between DM2bn and DM4bn. They predicted that otherwise tight liquidity could mean call money rates reaching the Lombard level of 9.75 per cent.

FT LONDON INTERBANK FIXING

	11.00 a.m. Mar 10	3 months US Dollars	6 months US Dollars
3m 4%	8.71	8.71	8.71
6m 4%	8.71	8.71	8.71

MONEY RATES

	Overnight	One Month	Three Months	Six Months	One Year
Interbank Offer	8.71	8.71	8.71	8.71	8.71
Interbank Bid	8.71	8.71	8.71	8.71	8.71
Bank Offer	8.71	8.71	8.71	8.71	8.71
Bank Bid	8.71	8.71	8.71	8.71	8.71

LONDON MONEY RATES

	Overnight	One Month	Three Months	Six Months	One Year
Interbank Offer	8.71	8.71	8.71	8.71	8.71
Interbank Bid	8.71	8.71	8.71	8.71	8.71
Bank Offer	8.71	8.71	8.71	8.71	8.71
Bank Bid	8.71	8.71	8.71	8.71	8.71

Treasury bills (bill): one-month 10 per cent, three-month 9.75 per cent, six-month 9.75 per cent, one-year 9.75 per cent. Bank bills (bill): one-month 10 per cent, three-month 9.75 per cent, six-month 9.75 per cent, one-year 9.75 per cent. Government securities (bill): one-month 10 per cent, three-month 9.75 per cent, six-month 9.75 per cent, one-year 9.75 per cent.

FINANCIAL FUTURES AND OPTIONS

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

LONDON (LIFED)

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

CHICAGO

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

JAPANESE YEN (USD)

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

BRITISH POUND (USD)

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

SWISS FRANC (USD)

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

PARIS

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

7 TO 10 YEAR 20% NATIONAL FRENCH (USD) FUTURES

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

THREE MONTH EURO DOLLAR

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

THREE MONTH EURO DOLLAR

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
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£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

THREE MONTH EURO DOLLAR

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

LIFE LONG GILT FUTURES OPTIONS

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	0.0074
£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

LIFE LONG GILT FUTURES OPTIONS

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	Mar 10	Close	Previous
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LIFE LONG GILT FUTURES OPTIONS

	Mar 10	Close	Previous
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£100/DM	0.60	0.60	0.60
£100/FF	0.152	0.152	0.152

LIFE LONG GILT FUTURES OPTIONS

	Mar 10	Close	Previous
£100/\$	1.7170	1.7180	1.7250
£100/¥	0.0074	0.0074	

Spill in 15

CANADA

Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low	Close	Chng
TORONTO																	
4:00 pm prices March 10																	
Ottawa/Edm in cards unless marked 5																	
900 Albitol Pk	45.14	45.15	45.14	45.14	+	4	12400 Cord Roy	52.14	52.14	52.14	+	4	4000 Laurent Gp	55.5	55.5	55.5	+
500 Agropur	55.14	55.14	55.14	55.14	+	4	104100 Cord Roy	52.14	52.14	52.14	+	4	15000 Leam Pk	59.5	59.5	59.5	+
20000 Air Cdn	57.14	57.14	57.14	57.14	+	4	39400 Crown A	51.14	51.14	51.14	+	4	45000 Leam Pk	51.14	51.14	51.14	+
60000 Air Cdn	57.14	57.14	57.14	57.14	+	4	30000 Crown A	51.14	51.14	51.14	+	4	52000 Macdon Pk	51.14	51.14	51.14	+
15000 Alcan A	52.14	52.14	52.14	52.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
17000 Alcan A	52.14	52.14	52.14	52.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
3000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.14	51.14	51.14	+	4	10000 Macdon Pk	51.14	51.14	51.14	+
10000 Alcan C	51.14	51.14	51.14	51.14	+	4	10000 Crown A	51.1									

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4:00 pm prices March 10

1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590
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NYSE COMPOSITE PRICES

[illegible]**NASDAQ NATIONAL MARKET**

4:00 pm prices March 1

[illegible]

AMEX COMPOSITE PRICES

4:00 pm prices March 10

Star	Dr.	PI	Stu	High	Low	Close	Chng	Stock	Dr.	PI	Stu	High	Low	Close	Chng
Alco	0.16	10	30	4%	5%	20	1%	Alco	0.16	10	30	4%	5%	20	1%
Alfa Inc.	2	180	24	1 1/2	1 1/2	1 1/2	0	Alfa Inc.	2	180	24	1 1/2	1 1/2	1 1/2	0
Aluminum	0	18	25	1 1/2	1 1/2	1 1/2	0	Aluminum	0	18	25	1 1/2	1 1/2	1 1/2	0
Aluminum	0.5	15	25	1 1/2	1 1/2	1 1/2	0	Aluminum	0.5	15	25	1 1/2	1 1/2	1 1/2	0
Alco	49	1852	44	42	43	43	0	Alco	49	1852	44	42	43	43	0
Alco	0.24	14	12	47	46 1/2	47	0	Alco	0.24	14	12	47	46 1/2	47	0
Alco	0.5	15	25	1 1/2	1 1/2	1 1/2	0	Alco	0.5	15	25	1 1/2	1 1/2	1 1/2	0
Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0	Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0
Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0	Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0
Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0	Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0
Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0	Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0
Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0	Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0
Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0	Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0
Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0	Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0
Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0	Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0
Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0	Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0
Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0	Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0
Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0	Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0
Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0	Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0
Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0	Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0
Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0	Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0
Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0	Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0
Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0	Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0
Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0	Alco	1.44	8	162	9 1/2	9 1/2	9 1/2	0
Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0	Alco	0.10674	179	9 1/2	10 1/2	10 1/2	10 1/2	0
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SLOVENIA

The FT proposes to publish this survey on

March 30 1992

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or
Connie Davis
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AMERICA

Dow rises cautiously before economic data

Wall Street

US EQUITIES followed overseas markets higher yesterday, but investors remained somewhat hesitant ahead of the US economic data slated for release later this week, writes *Karen Zager in New York*.

The Dow Jones Industrial Average ended 15.87 up at 3,280.99, while advances outweighed declines by 1,039 to 666 after moderate turnover of 156m shares. The more representative Standard & Poor's 500 gained 1.67 to 406.88.

The equity rally came in spite of a dull treasury market, where the benchmark 10-year bond fell 1/8 to 10 1/8, yielding 7.88 per cent.

The transportation sector was particularly strong in the morning, with the Dow Jones Transportation Average climbing 11.02 to 1,415.92 by 1pm before receding to close only 3.17 ahead at 1,408.07. Delta Air Lines lost 3/4 at \$68.14, AMR, parent of American Airlines, climbed 1/8 to \$76.76 and CSX, the big US railroad company, shed 1/8 to \$56.14.

RJR Nabisco led trading for a second day on the NYSE, adding 3/4 at \$10 after analysts reiterated "buy" recommendations on the issue. The

improvement came in spite of concern voiced by the American Medical Association and the US Surgeon General over the company's Camel cigarette advertising. Nabisco's critics believe that a cartoon character used in the ads is more appealing to children than to adults.

Among other blue chips, AT&T appreciated 5/8 to \$38.44 following an upgraded rating from Brown Brothers Harriman.

Growth stocks such as Coca-Cola and Philip Morris gained momentum, rising \$1 to \$81.14 and \$1 to \$77 respectively.

Paramount Communications eased 1/4 to \$47.12 after the Hollywood studio turned in first-quarter net income of 16 cents a share, compared with a loss of 6 cents a year earlier. Travelers, one of the largest US composite insurers, firmed \$1/4 to \$20 after stating that had added \$300m to its capital base through newly issued senior notes placed privately by Merrill Lynch. The group, which has been hit by real estate investment problems, said the proceeds will be added to the capital base of its principal life insurance subsidiary. In the secondary market, the Nasdaq composite index registered a rise of 7.65 to 623.47.

Strong fourth-quarter profits growth from Dell Computer, the fast growing US personal computer manufacturer, helped the stock climb 5/8 to \$38.44. The company turned in net income of 62 cents a share in the latest quarter compared with 42 cents a year earlier. Dell also declared a three-for-two stock split.

High-tech stocks continued to lead trading in the secondary market. Lotus Development rose 3/8 to \$36.14.

Canada

TORONTO blue chips followed the uptick in New York, but the broad market remained weak. A decline in the Canadian dollar raised short-term interest rates and made the market nervous.

The composite index gained 11.4 to 3,239.9, but declining issues were ahead of advances by 310 to 257. Volume came to 26.3m shares.

International Corona ended at C\$3.65, off 10 cents. The company announced several financing plans, including swapping preferred "B" shares for convertible debentures; a C\$50m common share offering; a new US\$50m debt loan; and the possible sale of some non-core US gold assets.

Latin American fortunes shift to Chile

William Cochrane reviews last month's performance of the world's emerging markets

Shifting fortunes in Latin America, a further slide in Turkey and equity fever in India were key features in the world's emerging markets in February. Currency movements were a parallel consideration.

In Latin America, Chile seems to have come back to life, with a local currency gain of 15.1 per cent, rising to 17.3 per cent in dollar terms. Santiago was put in the shade by some of its Latin American counterparts last year, but it still registered a gain of 30 per cent in dollar terms against the region's 125 per cent average advance.

After a rise of 134 per cent in dollar terms to its peak on October 6, Chile fell away on profit-taking, and then in January it started to stride while the rest of the region lagged. Institutional investors set on their hands, and their profits. A revaluation of the peso in January encouraged them to return to equities.

In February, institutional investors, mainly pension funds, came back in force: daily turnover in Santiago rose from between US\$5m and \$8m

at the beginning of the month to between \$3m and \$13m at the end. The combination of a strong currency and a booming domestic economy has given it attractions which are unusual in global, as well as South American, terms.

Brazil's climb was stalled by the drop in the cruzado, according to indices published by the International Finance Corporation (IFC), part of the World Bank. In contrast, Chile's local currency advance appreciated in dollar terms.

After gains in dollar terms of 44.9 per cent in December and 37.6 per cent in January, Brazil's equity market declined by 0.5 per cent last month, says the IFC, although it registered a 28 per cent rise in local currency terms.

Turkey turned in the worst performance among emerging markets last year, says Kleiman International Consultants of New York. After a slight rise in January it was on its way down again last month, falling 30 per cent in dollar terms.

Investors, says Kleiman, are waiting for long-promised structural reforms: "... settle-

IPC EMERGING MARKETS PRICE INDICES						
Market	No. of stocks	Dollar terms		Local currency terms		
		Feb 29 1992	% Change over month	Feb 29 1992	% Change over month	
Latin America	(25)	1,277.49	-3.7	70,162.479	-3.7	-1.3
Argentina	(8)	143.64	-0.5	71,677.844	+23.0	+104.8
Brazil	(36)	1,828.28	+17.3	4,903.87	+15.1	+9.8
Chile	(20)	833.86	+17.8	5,815.01	+16.8	+12.8
Colombia	(6)	1,815.56	+15.2	28,762.00	+14.9	+24.2
Mexico	(17)	731.27	-5.2	6,175.82	-3.1	+12.7
Venezuela	(9)	251.09	-12.6	241.08	-12.4	-8.1
East Asia	(30)	1,567.56	-2.3	2,016.57	-3.2	+8.0
South Korea	(7)	701.13	-5.2	440.44	-8.0	+8.2
Taiwan, China	(8)	414.11	+24.8	871.23	+25.9	+52.7
India	(8)	82.85	-1.1	70.30	-0.6	+14.2
Indonesia*	(8)	168.43	+7.6	174.94	+5.9	+8.2
Malaysia	(8)	246.28	-10.2	396.15	-10.3	-22.5
Pakistan	(5)	353.38	+2.1	332.20	+2.8	+13.5
Thailand	(3)	440.84	-3.6	650.10	-1.9	+15.1
Euro/NEE East	(27)	98.47	+1.5	174.57	+0.1	+1.7
Greece	(30)	360.80	-2.5	353.45	-0.3	-4.3
Portugal†	(25)	61.89	-30.1	471.47	-24.9	-16.4
Turkey†	(25)	61.89	-30.1	471.47	-24.9	-16.4

Source: International Finance Corporation. Base Dec 1981=100. *Dec 1980=100. †Dec 1985=100. ‡Dec 1986=100.

ment problems and insider trading are still rampant, and non-bank brokerages are not subject to capital adequacy requirements and sufficient

disclosure. Analysts estimate that the top 10 houses account for 70 per cent of trading activity, raising concern over potential disaster should the market

decline dramatically, putting broker solvency to the test. A review of the Indian stock market will appear on this page later this week.

ASIA PACIFIC

Arbitrage-related buying gives Nikkei late boost

Tokyo

ARBITRAGE-related buying helped to push the Nikkei 225 index into positive territory late yesterday, after drifting lower earlier due to a lack of fresh news, writes *Emiko Terazono in Tokyo*.

The 225-stock index finished 56.91 ahead at the day's best of 20,854.59 after moving to the day's low of 20,827.02 in the morning session. Volume increased slightly to 300m shares from 180m on arbitrage-related trading.

In spite of the rise in the Nikkei, other statistics reflected the overall weakness of the market as declines led advances by 618 to 287 at the close, with 203 issues unchanged. The Topix index of all first section stocks slipped 7.64 to 1,494.79, falling below the 1,500 support level for the first time since November 1986. In London trading, the ISE/Nikkei 50 index eased 3.42 to 1,135.58.

Fears that arbitrageurs will unwind cash positions held against the March Nikkei index futures, which expire tomorrow, have been alleviated by a steady rollover into the June contract. Traders said the weakness in the Topix index stemmed from worries that investors were not rolling over positions on the Topix futures.

In addition, light selling by investment trusts and corporations depressed prices of large-capital issues and blue chips. A total of 224 stocks hit new lows since January last year.

Traders said some investors are worried that a discount rate cut may not materialise this month. Bank of Japan governor Mr Yasuhiro Mieno returns from Europe today. Miss Caroline Stone at Barclays de Zoete Wedd said: "Many people feel that a half-point cut has already been discounted by share prices, and they now expect a 75 basis points

cut to help boost activity."

Drug-related stocks were actively traded by short-term investors. Otsuka, the day's most active issuer, rose ¥90 to ¥1,330 and Mochida Pharmaceutical surged ¥500 to ¥4,430.

High-technology issues continued to lose ground on selling by corporations. Hitachi receded ¥15 to ¥760 and Sony ¥50 to ¥3,900.

Power suppliers, sensitive to interest rate movements, were sold on the weakness of the yen against the dollar, with Tokyo Electric Power falling ¥40 to ¥2,880. Nippon Telegraph and Telephone weakened ¥4,000 to a new all-time low of ¥674,000.

In Osaka, the OSE average lost 70.58 to 22,348.50 in turnover of 477m shares. Heavy cross-trading ahead of the March year-end book closing lifted volume. Tokai, or specified money trusts, and companies were seen liquidating holdings.

Roundup

THE PACIFIC Rim was mostly higher yesterday. Seoul was closed for a holiday.

HONG KONG rose sharply in light trading as bargain hunters returned to the market after Monday's sell-off. The Hang Seng index gained 70.22 at 4,519.50 but turnover dipped to HK\$1.8bn from HK\$1.85bn.

HSBC Holdings recovered HK\$1.25 to HK\$42.50 as rumours of a rights issue faded. It published 1991 results after the close.

Banks turned in the day's steepest gains, followed by property counters. NEW ZEALAND rebounded after five days of declines. Carter Holt Harvey picked up 4 cents to NZ\$2.26, after Monday's 18-cent fall on news of a big rights issue. The NZSE-40 index rose 15.35 to 1,481.24.

AUSTRALIA gained ground in lacklustre trading, as selected buying of certain

stocks helped to push up the market. A firmer futures market also gave support. The All Ordinaries index put on 7.2 to 1,805.4 in turnover of 1.8bn shares.

Among leading stocks, News Corp jumped 26 cents to AS\$17.70. BHP added 18 cents to AS\$13.44 and CRA rose 8 cents to AS\$13.92.

TAIWAN was little changed in thin trading as investors stayed on the sidelines due to a dispute within the ruling Kuomintang party over the election for the presidency.

The weighted index edged forward 3.17 to 4,926.20 in turnover of 781.72bn.

SINGAPORE chalked up modest gains in dull trading. Some buying of bank shares came in the wake of better than expected 1991 earnings from DBS Bank. The Straits Times Industrial Index firmed 3.02 to 1,432.67.

KUALA LUMPUR ended modestly higher after light bargain hunting, but investors were remaining cautious until the year-end company reporting season is over. The KLSSE composite index added 2.94 to 596.95.

MANILA climbed in a technical correction, but political uncertainty ahead of the May 11 polls kept volume low. The composite index improved 10.33 to 1,116.71 in combined turnover of 51.1m pesos, against a previous 90.8m.

BANGKOK finished unchanged as losses in large-capital issues offset gains in other sectors. The SET index was just 0.28 up at 797.50 in turnover of 842.22bn, the smallest in two months.

Bangkok lost B\$4 to B\$208 and Bangkok Bank also shed B\$4 to B\$854.

BOMBAY retreated from Monday's record high after state-owned investment houses sold heavily to cool what they saw as an overheated market. The BSE index gained 1.24 before closing at 3,318.03, down a net 231.58.

EUROPE

Frankfurt takes dividend cuts in its stride

FRANKFURT took dividend cuts by two big chemical companies while the uptick in Paris gathered momentum, writes *Our Markets Staff*.

PARIS approached 2,000 as its current favourites continued to rise. The CAC-40 index rose 17.60 to 1,993.39 in turnover of FF2.23bn but dealers expected the final figure to be swelled by orders booked after the close.

Euro Disney looked at an all-time high of FF164.30, up FF2.80, as overnight orders from the US were executed.

Elf fell another FF3 to FF366.50 as the government placed its 2.2 per cent stake, but news that the international tranche was already oversubscribed by yesterday morning indicated that the stock would rebound soon.

Chargeurs, popular last week on reports that BSKYB would soon be in profit, rose FF5.4 or 4.6 per cent to FF121.29 on confirmation that the satellite television company was breaking even early in March. There were reports that analysts were raising their estimates of Chargeurs' net asset value.

One of the day's biggest losers was Printemps which fell FF4.5 or 5.1 per cent to FF635 after a French court rejected a demand by its minority shareholders that Pinaut should extend its two-thirds bid for the department store group to 100 per cent.

FRANKFURT continued its consolidation, unmoved by dividend cuts from BASF and Hoechst. In fact, shares in the two chemicals companies rose by DM1.90 and 50 pf respectively, to DM249.50 and DM256.20.

The FAZ index rose 0.97 to 711.52 at mid-session, and the DAX index put on 0.29 to 1,750.54 at the close. Volume rose from DM5bn to DM5.5bn.

Me Wendy Andersen at County NatWest said that BASF was heavily exposed to areas of overcapacity in the

FT-SE Eurotrack 100 - Mar 10								
Hourly changes								
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close	
1167.71	1168.57	1168.85	1167.58	1167.55	1168.31	1168.57	1168.22	
Day's High 1169.22				Day's Low 1168.18				
Mar 9	Mar 6	Mar 5	Mar 4	Mar 3				
1165.45	1162.10	1169.56	1176.33	1176.44				

Base value 100 (20/10/82).

industry, and that its results indicated a final quarter fall in profits from DM410m to DM160m. Final quarter profits at Hoechst, with a better product profile, were likely to have fallen from DM764m to DM540m.

The shipbuilder and engineer Bremer Vulkan rose DM2 to DM83.50 on nearly doubled 1991 net profits, and news that it would be buying two of the largest shipyards in east Germany.

MILAN steadied after its recent fall on short-covering ahead of Thursday's expiry of monthly options. The Comit

index lost just 0.08 to 512.73 but turnover remained thin, estimated at 170bn after 1.60.5bn.

Shares in Bonifiche Stieffe, the holding company of Banca Nazionale dell'Agricoltura (BNA), Italy's second largest private sector bank, plummeted 15.100 or 15 per cent to 127.8 in light turnover of 11,456.6m.

Heineken and Grolsch rose to new all-time highs. Grolsch, which reports its 1991 results today, gained FF5.50 to FF1,294.00 while Heineken, which reported last week, gained FF1.70 to FF1,190.00.

BRUSSELS closed mostly

higher although Solvay moved against the trend. The Bel-20 Index rose 7.50 to 1,209.34. Solvay eased BFR100 to BFR12,500 in volume of 3,875 shares, while SGB gained another BFR10 to BFR21.5.

STOCKHOLM scored its tenth consecutive gain, although the Allshare index fell 0.1 to 1,191.5. The index followed the latest fashion with five-for-one share split, but the market was disappointed with a rise of just 3 per cent in 1991 net profits.

AMSTERDAM continued to focus on the brewing sector while the rest of the market was mixed to lower. The CSE 100 index ended 0.1 to 127.8 in light turnover of 11,456.6m.

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FT-ACTUARIES WORLD INDICES																		
Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries																		
TUESDAY MARCH 10 1992																		
MONDAY MARCH 9 1992																		
DOLLAR INDEX																		
NATIONAL AND REGIONAL MARKETS	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Day's Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 Low	1991/92 High	Yrs. apprx	
Figures in parentheses show number of lines of stock																		
Australia (69)	144.71	+0.4	125.06	121.48	126.79	127.19	+0.4	4.34	144.15	124.04	120.24	124.84	126.06	180.31	112.74	131.70	11	
Austria (2)	172.06	+0.2	148.89	144.43	145.76	149.04	+0.0	1.94	172.45	148.39	148.10	148.10	149.05	222.57	153.86	191.86	21	
Belgium (106)	135.15	+0.2	120.17	115.57	120.17	117.04	+0.2	5.04	135.34	119.08	115.38	118.61	118.51	151.20	118.04	150.12	15	
Canada (115)	123.44	+0.1	114.46	111.17	115.12	114.94	+0.2	3.24	123.62	113.58	110.39	114.34	114.29	144.28	126.45	140.15	12	
Denmark (36)	132.28	+0.3	206.96	201.03	206.17	210.98	+0.2	1.70	132.11	206.22	207.98	204.48	204.48	262.41	204.14	262.41	14	
Finland (15)	79.30	+0.3	60.94	66.57	66.54	75.98	+0.5	2.24	79.57	66.48	65.37	66.79	75.96	125.15	73.32	120.90	12	
France (106)	151.25	+0.3	125.17	121.17	125.17	137.54	+0.2	3.23	154.13	132.83	128.55	132.25	136.00	156.43	119.11	147.57	10	
Germany (65)	116.81	+0.3	102.50	95.63	102.50	102.50	+0.2	2.21	119.00	102.40	99.27	102.89	102.89	125.35	94.15	118.85	10	
Hong Kong (65)	204.40	+1.5	176.85	171.58	177.68	203.45	+1.5	3.62	204.00	176.85	174.05	176.85	176.85	203.45	168.18	203.45	10	
Ireland (18)	159.72	+0.2	138.03	134.07	138.03	141.05	+0.4	3.62	160.00	137.67	133.45	138.36	138.36	142.92	132.86	148.90	10	
Italy (106)	146.01	+0.1	115.58	115.58	115.58	125.45	+0.2	1.70	146.01	115.58	115.58	115.58	115.58	125.45	115.58	125.45	10	
Japan (473)	110.72	-1.1	95.63	61.61	95.63	86.43	+0.2	3.40	110.72	95.63	93.39	91.39	91.39	95.63	88.23	94.76	84	
Malaysia (38)	228.11	+0.4	206.84	200.71	207.84	235.65	+0.2	2.80	228.20	204.58	204.58	204.58	204.58	235.65	148.97	210.72	11	
Mexico (18)	1983.35	+0.1	1454.81	139.08	1454.81	5633.74	-0.1	1.00	1985.80	1450.32	1405.84	1457.27	1564.00	1776.17	934.45	1682.70	10	
Netherlands (9)	146.01	+0.4	123.29	123.39	130.05	128.40	+0.1	4.29	146.01	128.27	123.31	129.00	128.29	156.43	123.70	148.72	10	
New Zealand (14)	44.44	+1.4	37.15	38.30	43.98	+1.2	3.25	44.42	38.58	37.38	38.76	38.76	39.44	54.44	41.18	46.85	10	
Norway (24)	163.50	-2.1	141.30	137.25	142.15	145.25	-1.8	1.74	168.09	139.09	137.38	140.75	140.75	156.43	131.81	148.90	10	
Singapore (38)	202.95	+0.7	173.59	170.37	174.61	155.58	+0.7	2.18	201.80	173.47	168.15	173.47	168.15	202.95	157.08	202.95	10	
South Africa (61)	217.11	+1.3	187.83	182.25	188.72	178.08	+0.6	2.25	216.24	184.36	178.70	185.24	177.08	211.99	177.08	205.05	10	
Spain (106)	154.89	+0.2	133.69	128.66	134.46	123.57	+0.4	4.82	154.84	133.32	129.23	133.95	123.13	171.31	131.51	170.07	10	
Sweden (25)	181.80	+0.4	157.12	152.61	158.04	162.89	+0.1	2.78	182.51	157.12	152.61	157.12	157.12	162.89	152.61	162.89	10	
Switzerland (58)	97.37	-0.5	84.18	81.74	84.85	91.50	+0.2	1.16	97.86	84.21	81.63	84.82	84.82	91.50	80.44	98.35	10	
United Kingdom (233)	176.48	+0.5	152.33	145.14	152.33	152.33	+1.0	4.88	175.85	151.05	145.40	151.78	151.05	187.14	152.72	187.14	10	
USA (522)	165.32	+0.5	143.74	139.62	144.98	168.32	+0.4	3.84	165.52	142.42	138.06	143.11	165.52	171.16	126.95	146.81	10	
Australia (69)	143.93	+0.1	124.39	120.82	125.12	125.44	+0.6	2.86	143.79	123.72	119.93	124.32	124.72	151.52	125.50	140.86	10	
Belgium (106)	135.15	+0.2	120.17	115.57	120.17	117.04	+0.2	5.04	135.34	119.08	115.38	118.61	118.51	151.20	118.04	150.12	15	
Pacific Basin (717)	114.91	-0.8	99.31	95.47	99.36	97.09	-0.3	2.17	117.28	98.49	95.16	100.30	100.30	108.81	94.81	108.81	10	
Europe - Pacific (1623)	126.77	+0.4	109.55	106.41	110.19	100.02	+0.1	2.45	127.29	109.53	105.10	110.05	109.05	126.77	100.82	114.91	11	
North America (838)	164.17	+0.5	141.88	137.83	142.73	162.80	+0.5	2.98	163.41	140.61	136.31	141.31	141.31	162.80	129.99	162.80	10	
Europe Ex. UK (876)	124.02	+0.2	107.16	104.13	107.83	109.93	+0.3	3.13	124.29	106.95	103.69	107.48	106.93	129.80	103.58	127.32	10	
Pacific Ex. Japan (244)	128.95	+0.2	107.16	104.13	107.83	109.93	+0.3	3.13	128.95	106.95	103.69	107.48	106.93	129.80	103.58	127.32	10	
World Ex. US (1720)	128.95	+0.4	111.45	108.26	112.10	111.26	+0.1	2.47	129.42	111.39	107.97	111.80	111.80	128.95	103.58	127.32	10	
World Ex. UK (200)	137.17	+0.1	118.55	115.16	119.25	123.76	+0.2	2.39	137.30	118.14	114.52	118.72	118.72	125.50	120.06	146.11	10	
World Ex. So. Asia (2192)	140.11	+0.20	121.09	117.83	121.81	127.84	+0.3	2.66	140.17	120.61	116.92	121.09	121.09	127.84	122.92	145.38	10	
World Ex. Japan (177)	157.86	+0.4	136.25	132.36	137.07	146.55	+0.5	3.30	157.08	135.16	131.93	135.83	137.30	153.05	129.65	148.90	10	
The World Index (2243)	140.59	+0.40	121.50	118.08	122.22	128.29	+0.3	2.66	140.62	121.00	117.29	121.59	121.59	127.36	103.70	128.29	145.85	10
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